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Established 1887

EEC Seeks Non-U.S. Plan For Economic Recovery

By Paul Lewis

COPENHAGEN, April 9 (NYT)—Western European leaders agreed here yesterday to try to devise their own plans for economic recovery independently of the United States.

The plans call for a higher rate of economic growth and closer coordination of the European currencies to protect them against fluctuations of the dollar.

The proposals, to be presented to President Carter and to Canadian and Japanese leaders at a meeting in July in Bonn, will seek an annual rate of growth of 4.5 per cent by the middle of next year. The pro-

Still Unconfirmed

New Brigades Note Said to Set Demands

From Wire Dispatches

ROME, April 9—The Italian press reported today that the Red Brigades sent a message that allegedly set an ultimatum and possible conditions for the release of ex-Premier Aldo Moro, whom it kidnapped March 16 after killing his five guards.

But the reports as carried by the papers were conflicting and were not confirmed by authorities.

The reports said that the message was either in the form of a letter addressed by Mr. Moro to his family, a tape-recorded appeal by him or a written statement by the Red Brigades.

The Milan newspaper Corriere della Sera quoted reliable sources as saying that the Red Brigades addressed the message to Mr. Moro's family, listing stiff demands for Mr. Moro's release.

Brigades Member Defects

Meanwhile, a "Red" Brigades' leader said from his prison cell that he was breaking with the leftist terrorist group in what may be a major development for investigators.

Massimo Maraschi, 26, considered one of the founders of the group, said in a written statement that he condemned the abduction. Maraschi made his statement to the governor of Cuneo jail in northern Italy six days after the kidnapping. He asked that it be released to the media but the text was not made public until yesterday.

Police would not say whether Maraschi was actively helping them or why the statement was held back until now.

Maraschi said: "I declare that I dissociate myself completely, not only from this action but also from the whole political line of the Red Brigades organization."

He called the Moro kidnapping "foreign to the interests of the working class and the proletariat."

Telephone Tapped

The latest word from the Brigades reportedly was received after police tapped a telephone call in which the Marxist urban guerrilla organization announced that it was leaving a message in a square in downtown Rome.

The paper did not say to whom the call was made but it said that

(Continued on Page 2, Col. 7)



Massimo Maraschi
after 1976 trial

Uprising Expected

Somalia Easily Crushes Feeble Attempt at Coup

MOGADISHU, Somalia, April 9 (UPI)—Somali President Mohammed Siad Barre said today that his army crushed a long-awaited coup attempt by a group of disgruntled officers and men following sporadic shooting on the outskirts of the capital.

A number of "senior officials" were killed in the short-lived rebellion that lasted less than two hours, according to news reports. Mogadishu radio quickly reported that the ringleaders had been arrested and that the government is now in full control of the situation.

Diplomatic sources in Mogadishu described the coup attempt, the first against Mr. Barre since he came to power in 1969, as "ill-timed, ill-planned, ill-supported and tiny."

Mutineers Crushed

A special UPI reporter in Mogadishu said that the coup began early today when the mutineers at-

tempted to seize a communications center 10 kilometers from the city center but were crushed by loyal army units.

Tanks rumbled through the streets and surrounded President Barre's official residence near the airport and Indian Ocean. Mr. Barre remained inside directing operations.

"It was started and over in less than two hours," the UPI reporter said. "The mutineers were hoping other army units would join them but they didn't. Shops remained open throughout, traffic was normal and in many parts of Mogadishu it was an ordinary, quiet Sunday."

The only indication of trouble was when some tanks and armored cars surrounded the presidency and the Ministry of Information. The coup started and died on the

(Continued on Page 2, Col. 8)

Marquesa de Villaverde

Franco Kin Has Medals Seized

MADRID, April 9 (AP)—Customs officers at Madrid airport seized 31 medals of gold and precious stones from Carmen Franco, Marquesa of Villaverde, only daughter of the late Spanish ruler Francisco Franco, when she was to leave Spain Friday, the news agency EFE said today.

The new agency said the seized jewels were valued at about 2 million pesetas or \$25,000 dollars.

The marquesa was allowed to depart for Geneva, the news agency said.

By George C. Wilson
NEWPORT, R.I., April 9 (WP)—Standing before the picture hung in the place of dishonor over the toilet, the admiral stabbed the tiled bathroom wall with his forefinger to tap out the type of coded message that had sustained him during 7 1/2 years of isolation and torture in Hanoi's Hoa Lo prison.

In those days when Hoa Lo was a fearsome place rather than just a picture in the bathroom, Rear Adm. James Stockdale's determination to live and lead was fortified every time he heard a tapped message from a fellow prisoner of war. Now that he is president of the Naval War College here, Adm. Stockdale is searching for ways to teach Navy officers how to withstand the kinds of treatment he had to try to resist.

There was the time, for example, when the North Vietnamese handcuffed his hands behind his

back, locked his legs in heavy irons and dragged him from his dark prison cell to sit in the unshaded courtyard where other prisoners could see what happened to anybody who refused to cooperate. The Navy's official report of Adm. Stockdale's imprisonment, based on exhaustive questioning after his release, describes that and other incidents during Adm. Stockdale's 2,714 days of captivity from Sept. 9, 1965, to Feb. 12, 1973.

Adm. Stockdale, a captain during his captivity, remained sitting in that position for three days. The sun beat down upon him. He soon felt weak and yelled for a guard, but the guard only struck him on the face.

The guards would not let him sleep, and at one point one accused him of dozing, punching him on the jaw.

As the guard left, Adm. Stockdale remembers hearing with pride a towel snapping out in



Opposition leader Lorenzo Tanada shouts "Laban" (fight) from police van as he and other Phillipine opposition leaders are hauled away from a Manila protest march.



Marcos Leads in Vote Tally

Police Seize Manila Protesters

By Jay Matthews

MANILA, April 9 (WP)—More than 650 persons, including four national assembly candidates, protesting martial law under Philippine President Ferdinand Marcos were arrested here yesterday. Four other opposition candidates went into hiding.

It was the first time in several months that the Marcos government had resorted to arrests for peaceful protest and indicated a return to harsh action against dissidents after a relatively free election, which Mr. Marcos led in early

months.

Yesterday's arrests occurred when police stopped a protest march that was smaller and quieter than many opposition marches allowed before Friday's election.

"They gave us a short taste of freedom, but now Marcos's people will see that martial law is grossly enforced," said former Sen. Lorenzo Tanada, manager of the anti-Marcos election slate in Manila, as he was booked at metropolitan constabulary headquarters for illegal assembly.

Police commandeered six public buses on busy Espana street, told the passengers to get off and loaded on about 650 marchers protesting the vote fraud which they say swung the election to the pro-Marcos slate in Manila. All except eight leaders of the afternoon march were taken to Fort Bonifacio, the army base where opposition leader and former Sen. Benigno Aquino is serving his sixth year in prison for martial law offenses.

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News Analysis

Bomb Issue Clouds Carter Aura

By Hedrick Smith

WASHINGTON, April 9—This week's highly publicized controversy over the neutron bomb has ended with a straddling, delaying compromise by President Carter that is unlikely to put the issue to rest and may serve to deepen the public's uncertainties about him.

For some time, the President has been portrayed by some officials as wavering between his own almost Wilsonian moral opposition to new nuclear weapons and the virtually unanimous counsel of his top foreign policy advisers about the political need for proceeding with production to bring along balky allies like the West Germans and to put negotiating pressure on the Russians.

Administration officials contend Friday that Mr. Carter's even more cautious approach would still strengthen the administration's hand with the Germans and the Russians, although privately some senior officials were worried that by trying to keep all his options open Mr. Carter might be seen as vacillating and indecisive.

"He's come up with a nondecision that leaves him the worst of both worlds," said an administration insider. "He's still vulnerable to Soviet propaganda on the neutron bomb and to congressional criticism that he's soft on defense."

Indeed, only a few hours before Mr. Carter's decision was announced, Soviet President Leonid Brezhnev, in a speech at Vladivostok, attacked the neutron bomb—which is actually a missile and artillery warhead—as an offensive weapon that "increases the risk of nuclear war."

On Capitol Hill, conservative critics like Sen. Henry Jackson of Washington and Sen. Sam Nunn of Georgia, both Democrats, were apparently not appealed by Mr. Carter's decision to put off production of the neutron warhead but to modernize some of the missile and warhead components that go with it. Sen. Jackson, the influential chairman of a Senate Armed Services subcommittee, was said by an aide to be considering plans to persuade Congress to vote funds for the neutron warhead and thereby force Mr. Carter to produce it.

Another danger for Mr. Carter is that not only the U.S. public but U.S. allies in Europe may be confused by the rapid zigzags in Washington's neutron bomb policy in the last three weeks and concerned about apparent disorganization within the administration.

In mid-March, the State Department and Pentagon were moving ahead rapidly with plans for a North Atlantic Council meeting by late last month at which a decision for U.S. production of the neutron warhead was to be announced. But Mr. Carter, more skeptical about the weapon than his advisers, canceled those plans at the last moment and insisted that the West Germans be told that he was against production unless Bonn made a firm commitment to deploy it. Yet Friday, even in the absence of that commitment, Mr. Carter backtracked and adopted a compromise position.

The neutron bomb was developed as a tactical weapon which could be used against Soviet tanks, believed to outnumber North At-

lantic Treaty Organization tanks forces 3 to 1 in Europe.

The bomb kills people with intense radiation while causing relatively little property damage. Opponents of the neutron bomb argued that its deployment would lower the threshold of nuclear war.

The Soviet Union, which does not have the bomb, has mounted an intensive propaganda campaign against it, calling it "a barbaric weapon of mass annihilation."

President Leonid Brezhnev called on Mr. Carter to agree to mutual renunciation, a move which Western diplomats called unrealistic.

"Who ever heard of someone who had a weapon agreeing to give it up without anything in return," a diplomat said.

Bonn Reaction

BONN, April 9 (AP)—President Carter's decision to delay building the neutron bomb brought relations between the United States and West Germany to a new low point, the magazine Der Spiegel reported today.

In an article entitled "From Against the Religious Daydreamer," the weekly described the neutron bomb controversy as the latest in a series of "bewildering" developments from Washington that have piqued the government of Chancellor Helmut Schmidt.

Others include sharpened controls on U.S. uranium shipments to Europe, U.S. reluctance to restore the value of the dollar and differences over reviving the world economy.

"Mr. Carter's performance strengthened Mr. Schmidt in his estimation of the U.S. president," he considers Mr. Carter to be an unfathomable amateur who tries to stamp his private morals on world politics, but in reality is incapable of fulfilling the role of leader of the West," the magazine said.

U.S. Officials said that Mr. Carter's deferring of the neutron bomb project was due in part to the reluctance of West Germany and other NATO allies to accept the bomb.

Streak of Nationalism

What they object to is Mr. Carrillo's seemingly breezy abandonment of a cardinal Communist tenet without a real debate. Also lurking behind their resistance to Mr. Carrillo is a feeling that the Catalan party is big enough to defy him, accompanied by a latent streak of Catalan nationalism.

"The ones who defend Leninism are really liberals and the others are authoritarians," said a Communist who was once close to Mr. Carrillo but who now feels that the party chief is sliding back to high-handed methods. "Carrillo's idea is to make a purge so that the people like him who came from Paris can

In Asturias, which is Mr. Carrillo's home province, dissidents were so angered by the chairman's refusal to hear out their arguments that 110 of 500 delegates walked out.

In Malaga, 200 dissidents protested over what they termed "the lack of internal democracy" in the provincial organization and hinted that they felt threatened with a purge because of contacts they had made with Asturian dissidents.

But the rest of the party in Andalusia, where many young Communists take an almost Stalinist line, appear to have stayed loyal to Mr. Carrillo, although unhappy over the decision to label the party "Marxist, democratic and revolutionary" instead of "Marxist-Leninist."

Turkish Plans Ready

ANKARA, April 9 (AP)—The Turkish proposals for a Cyprus settlement will be handed over to United Nations Secretary-General Kurt Waldheim in Vienna Thursday, the Turkish state radio announced yesterday.

To spur growth, the Western governments will now consider tax reductions and incentives for job-creating industrial investments.



AND A GOOD TIME WAS HAD—A Tokyo family sits near a blossoming cherry tree in the city's Ueno park during the traditional springtime flower-viewing party. More than 660,000 persons invaded the park for the traditional outing at which flowers were viewed, songs were sung, sake was quaffed, 70 children were lost and mounds of trash—as the one at left—were planted among the buds.

Carrillo Criticized

Catalan Defection Splits Spain's Communist Party

By James M. Markham

MADRID, April 9 (NYT)—A sharp rift has opened in the ranks of the Spanish Communist party with the defection of its strongest component, the Catalan Communist party.

Whatever the outcome, the last few weeks of countrywide debate have shown that there are many kinds of Spanish Communists—Mr. Carrillo and the Madrid establishment who preach an independent brand of "Eurocommunism" but rule with a firm hand; Catalan Leninists who are "liberals"; other Leninists, like many in southern Andalusia, who are perhaps covert Stalinists, and a significant number of tested Communist labor organizers who feel that the secretary-general has been too soft on Prime Minister Adolfo Suarez's center-right government and big business in general.

As the Communists prepare for their ninth congress later this month, regional and provincial committees across Spain have been holding lively and sometimes acerbic debates that suggest that some members are taking Santiago Carrillo, the long-time secretary general of the national party, at his word when he says he wants to introduce democratic procedures into party deliberations.

Mr. Carrillo, 63, does not appear altogether pleased, particularly since the Catalan party, which is theoretically a separate entity, has rejected by a vote of 97 to 81 his proposal to expunge the word "Leninist" from the national party's description of itself.

As is often the case with Marxist polemics things are not what they seem, and the issue is not really Leninism, with its connotations of a violent seizure of power by a proletarian vanguard. The so-called Leninists in the Catalan party, which holds 6% of the national party's 20 seats in parliament, tend to be young professionals and labor organizers who are strong proponents of internal party democracy.

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Union Leaders

Amid such ferment it is hazardous to seek a common thread, but Mr. Carrillo and other once-exiled leaders of about his age seem to be trying to bring to heel a generation of younger Communists who often earned their spurs "in the interior," agitating underground against the Franco regime. In Catalonia and Madrid, some of these people are leaders of the Workers Commissions, Spain's strongest labor union, and should they leave the party its working-class base would be badly eroded.

Even before the current commotion some young militants had begun to drift away from the party, disillusioned by Mr. Carrillo's leadership and his apparent inclination to jettison any pretense of Communist militancy in his quest for a broad base for the party. In the Madrid provincial debate last month, one delegate rose and to Mr. Carrillo's face said there were not enough proletarians in the room.

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Sense of Frustration

The dispute over nuclear supplies coming on top of President Carter's change of heart on the neutron bomb and continuing transatlantic differences over the dollar, provides another example of Western Europe's growing sense of frustration with the United States.

There were unconfirmed reports yesterday that Mr. Schmidt was so annoyed by the U.S. approach to nuclear problems that he was considering reducing West Germany's reliance on American enriched uranium by ordering more from the Soviet Union when he meets with Leonid Brezhnev next month.

According to these reports, the idea of Western Europe's buying more nuclear fuel from the Russians was discussed by Mr. Schmidt with President Valery Giscard d'Estaing of France last week.

For three years now, the United States and its Western allies have sought to achieve an average growth rate of 5 per cent by urging West Germany and Japan to take the lead in expanding their economies. However, these nations have failed to achieve the planned rate while the United States has been plunged into a payments problem by its own economic expansion.

To spur growth, the Western governments will now consider tax reductions and incentives for job-creating industrial investments.

Exchanges Notes With Waldheim

Begin Disputes UN Truce Plan

From Wire Dispatches

JERUSALEM, April 9—Prime Minister Menachem Begin exchanged notes with United Nations Secretary-General Kurt Waldheim during the weekend, and an apparent dispute arose over how quickly Israel will relinquish southern Lebanon to the UN truce forces.

The Israeli Cabinet met today to discuss southern Lebanon amid Israeli newspaper criticism of the UN handling of the Israeli-occupied zone.

Mr. Waldheim had written to demand immediate Israeli withdrawal from Lebanon, and Mr. Begin replied with a refusal to go beyond the two-phase withdrawal that is scheduled to begin on Tuesday after the arrival of the rest of the 4,000-man UN force, sources said. The newspaper Ma'ariv reported from New York that Mr. Begin castigated Mr. Waldheim, saying that, of the five UN divisions due to patrol southern Lebanon, only two had arrived.

Israeli press reports also claimed that Norwegian UN troops had allowed Palestinian guerrillas to reoccupy a village southeast Lebanon. There was no official confirmation of the reports, which added that the Norwegians were repudiated by UN officials and ordered to regain the village.

Casualties Cited

UN authorities reported two instances during weekend when the peace troops stood up to the guerrillas. Swedish UN forces in southern Lebanon exchanged fire with gunmen across the Litani River, a UN spokesman in Tel Aviv said yesterday.

The gunmen, presumed to be Palestinian guerrillas, fired light arms and a bazooka on Friday night at the Swedish position nine kilometers northeast of Tyre. The Swedes returned the fire and no injuries were reported, the spokesman said.

It was believed to have been the second time that UN forces have used their weapons. French UN troops earlier were reported to have shot at an unidentified man approaching their position near Tyre.

Waldheim Criticized

Ma'ariv also attacked Mr.

EEC Balks Over Dollar

(Continued From Page 1)

ar material and technologies that could be used for military weapons.

But the West Europeans, who rely on the United States for more than half their nuclear reactor fuel, fear that the new law will be used to give the Americans a stranglehold over their nuclear export policies and their plans to develop the fast-breeder reactor, which burns plutonium fuel suitable for military purposes.

They argue that the United States has no right to alter agreements retroactively. The plan now is to discuss possible improvements in existing safeguard arrangements for the next two years, while an international panel of experts completes a study on the danger of a nuclear-weapons spread.

Privately, West European officials said they hope this study will provide the United States with an excuse to relax its present policy without loss of face.

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To spur growth, the Western governments will now consider tax reductions and incentives for job-creating industrial investments.

Some Marcos supporters have complained that, upon hearing of the message, Premier Giulio Andreotti presided over a secret meeting with Interior Minister Francesco Cossiga and chief police officials.

Mr. Moro's wife and children yesterday were reported to be fighting the uncompromising stance adopted by the government and Mr. Moro's party, the Christian Democrats, against dealing with his captors.

According to printed reports, Mrs. Moro and Christian Democrat Secretary Benito Zaccagnini addressed an open letter to the Red Brigades.

Other papers said that the party

persuaded Mrs. Moro to give up her plan for a direct public appeal to the terrorists and instead publish the open letter.

since a group of Israelis were ambushed after straying near Palestinian lines last Wednesday. The PLO said that it would not respond until Israel released all Palestinians captured or killed during the eight-day Israeli invasion of southern Lebanon.

The United Nations Relief and Works Agency said that between 20,000 and 25,000 of the 65,000 refugees displaced from the south during the fighting had returned to their homes but were still in urgent need of relief assistance.

Egypt Anticipates Effort By U.S. on Mideast Talks

(Continued From Page 1)

Cairo for consultations, discussed the U.S. role in some detail as he prepared to return to Washington. He offered an optimistic assessment of U.S. policy that underscored a confidence expressed privately by some other Egyptian officials.

In a reflection of official thinking in Cairo, Mr. Ghorbal listed a number of trends in the Carter administration's policy that he considered positive:

* The administration's open disapproval of Israel's position in negotiations with Egypt, including the refusal of Prime Minister Menachem Begin to consider returning all occupied Arab territory or to recognize the Palestinian problem.

The paper said that Mr. Ceausescu, who is scheduled to visit the United States Wednesday, has also briefed Mr. Sadat on the outcome of his recent talks in Bucharest with Israeli Foreign Minister Moshe Dayan.

Mr. Dayan said after his return to Israel last week that his talks with Mr. Ceausescu achieved no practical results.

Somalia Foils Coup

(Continued From Page 1)

outskirts of town and everything was back to normal at 11 a.m.

Mr. Barre reportedly had been awaiting a coup attempt for a month since he conceded defeat to Ethiopia in March when he pulled his regular army units out of the Ogaden. By then the army had lost the bulk of its tanks and warplanes to the Ethiopians and as many as 8,000 had been killed and wounded during the eight months of fighting.

Mr. Barre then faced opposition from within the army and the party on two grounds — that he had made the wrong decision in starting the war and that he had then lost it.

650 Seized in Manila

(Continued From Page 1)

Charito Planas, on suspicion of harboring Communist guerrillas.

Opposition sources said yesterday that Mr. Planas and three other candidates tied to the student-worker-slam dweller movement, Trining Herrera, Jerry Barican, and Alexander Boncaya, had gone into hiding to avoid possible arrest.

A return to the pattern of harsh repression and underground rebellion of the early days of martial law could severely jeopardize Mr. Marcos' chances of winning U.S. approval for a new and more lucrative military bases agreement.

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Both Mr. Marcos and his wife, Imelda, the leader of the pro-Marcos slate in Manila, made heated charges of U.S. interference in the last days of the campaign. Mr. Marcos said he "could no longer stomach" what he said were U.S. attempts to persuade him to free Mr. Aquino.

Couloing of the estimated 23 million voters cast nationwide Friday proceeded slowly. The Commission on Elections released official totals for about 5 per cent of all precincts in Manila which showed the pro-Marcos slate sweeping all 21 Assembly seats for the city and holding a 2-1 edge over the opposition, led by Mr. Aquino.

The harder your day, the harder we try.

DeConcini Reservation'

Panama Sends 2 to U.S. To Fight Canal Proviso

By Marlise Simons

PANAMA CITY, April 9 (UPI)—Faced with increasing opposition here to the Panama Canal treaties, Gen. Omar Torrijos has sent two envoys to Washington in an effort to find a formula for preventing Panamanian rejection of the treaties.

They will tell U.S. officials that Panama may have to renounce the treaties unless the United States is willing to soften Senate reservation that asserts Washington's right to send troops into Panama after the year 2000 to keep the canal open. The reservation is in an amendment to the canal treaties passed March 16. It was proposed by Sen. Dennis DeConcini, D-Ariz.

"We're going to Washington to rescue the treaty," a Panamanian official said yesterday. "The situation is terrible here. It's clear now that as it is, we can't get the treaty approved here short of using force."

The DeConcini amendment has caused outrage in Panama across the political spectrum. It is widely felt that acceptance of the reservation threatens the survival of the Torrijos government.

Right of Force

The reservation asserts the indefinite U.S. right to send troops into Panama if canal operations are compromised after the canal is relinquished to Panama on Dec. 31, 1999.

"The most important thing is to save the situation; we can't have a handful of fools destroy everything that has been achieved," the Panamanian spokesman said, referring to the backers of the DeConcini reservation.

Diplomatic sources here believe that Panama may propose options to disarm the DeConcini clause, perhaps adding its own reservation, or asking for a statement from the U.S. Senate saying that it has no intention of intervening in Panama's internal affairs.

U.S. officials also are conceding that treaty ratification is seriously threatened in both countries.

"Implicitly Accepted"

"Panama had implicitly accepted the intervention clause all along," said a U.S. official, "but the language in the intervention clause is

like a large neon sign saying 'the lady is a whore.' There is no doubt now that sign must come down or be covered up for Panama to accept."

Since the Senate vote, anti-U.S. feelings and demands to reject the treaties have increased in Panama. On Thursday, the Liberal party—a conservative party that had supported the treaties—rejected them.

In a meeting with the Panamanian chief negotiator, Romulo Escobar, organized by a businessmen's association, political groups of the left, right and center demanded that the government dump the treaties and reopen negotiations.

A businessman who attended said, "It's the first time everyone has united against the treaties, professionals, businessmen, lawyers, everyone. The government is practically left alone."

Although the military government abolished parties after taking power in a coup in 1968, they survive as lobbying and interest groups and the government often has to take them into account.

"It's no longer a question of whether we like Torrijos or whether we have an economic crisis," said a company director. "The Americans have gone too far. We may be businessmen, but we're Panamanians, too."

Byrd Cool to Panama Bid

WASHINGTON, April 9 (NYT)—Senate Majority Leader Robert Byrd warned yesterday against overreacting to Panama's recent diplomatic maneuvering in response to the Senate changes in the first treaty and predicted that Panama's reaction would not affect prospects for approval of the second treaty.

However, President Carter expressed greater apprehension about Panama's recent letters to other governments, voicing "deep concern" about the DeConcini reservation. Mr. Carter said that Senate approval of the treaty "hangs by a thread."

"Any statement, even if it is well based by the Panamanians, that would cause consternation or doubt in the minds of U.S. senators could very well endanger the passage of the second treaty," Mr. Carter said.

U.S., U.K. Begin Drive

For New Rhodesian Talks

SALISBURY, Rhodesia, April 9 (UPI)—A U.S.-British diplomatic team arrived here yesterday on a mission to get Rhodesia's pre-majority rule interim government to attend peace talks with black guerrillas who are still fighting.

Britain and the United States have called the internal agreement with three black leaders "illegal" and said that no settlement excluding the Patriotic Front and the pre-majority rule interim government set up as part of the internal accord.

Rhodesia declared unilateral independence from Britain in 1965 rather than take steps leading toward majority rule by the colony's 6.7 million blacks.

Rhodesia has 273,000 whites.

Young Sees Owen

LONDON, April 9 (AP)—Andrew Young, U.S. ambassador to the United Nations, met with Mr. Owen today for talks on Rhodesia and the Middle East, diplomatic sources said.

It was their first meeting since Mr. Young said in an interview that he had the impression that Britain was ready to wash its hands of Rhodesia.

The two men were believed to be trying to arrange a conference with Rhodesia's Prime Minister Smith to discuss the plan he and moderate African leaders have drawn up for transition to majority rule that ignores the nationalist leaders who lead the guerrilla struggle from outside Rhodesia.

Neither the Foreign Office nor the U.S. Embassy would say where Mr. Young and Mr. Owen met and lunched together. But it was speculated they may have gone to Mr. Owen's country house.

More than 10,000 persons crowded into the ancient Herero capital of Okahandja for the burial of the murdered chief.

Brig. J.M. van Niekerk, divisional police chief for South-West Africa (Namibia) said, riot police did not shoot at the brawling crowds in the black Katutura township just outside Windhoek yesterday, but dispersed them within minutes with tear gas.

Sections of jeering onlookers armed with sticks and stones began attacking several cars as the funeral procession left the chief's Katutura store where he was shot by two gunmen on Easter Monday.

**11 Persons Killed
In 2 New York Fires**

University students parade effigy of President Carter through streets of Panama City in protest against the canal treaties.

Conspiracy, Perjury Conviction

Hancho Kim Is 2d Victim In U.S. Influence Scandal

By Robert L. Jackson

WASHINGTON, April 9—Korean-born businessman Hancho Kim yesterday was convicted of conspiracy and perjury for plotting to spend \$600,000 to influence congressmen and lying to a U.S. grand jury about it.

Kim, 56, a naturalized U.S. citizen, became the second figure to be convicted in the Justice Department's investigation of South Korea's influence-buying. Former Rep. Richard Hanna, D-Calif., pleaded guilty to a single conspiracy charge last month.

Kim accepted the verdict imposed

sively from a jury that deliberated nearly seven hours over a two-day period. His trial had lasted three weeks.

U.S. District Judge Thomas Flannery ordered Kim to surrender his U.S. passport immediately and to appear for sentencing May 19.

He could receive a maximum punishment of five years in prison and a \$10,000 fine on each of two counts.

Kim, a cosmetics executive, was allowed to remain free on his own recognizance. His attorney, David Povich, said that the verdict, the strongest judgment to date that the South Korean government had planned to buy support from members of Congress, would be provided important lines of credit.

Letters introduced at the trial stated that the plot in which Kim took part had the personal support of Korean President Park Chung Hee, who bore the code-names "The Patriarch" and "The Chief Priest of the Bulguk-sa Buddhist Temple."

Kim was one of four South Korean agents alleged to have sought to influence members of Congress through political payments, gifts or entertainment.

But prosecutors could never prove that Kim actually made any payments. Other than giving dinners for some congressmen, Kim kept most of the cash he received from Seoul to promote his own high style of living, witnesses told the jury.

Other Koreans who have figured prominently in the scandal have been businessman-lobbyist Tongsun Park, former Korean Ambassador Dong Jo Kim, and Suzi Park Thomson, an aide to former House Speaker Cad. Albert.

Mr. Park, indicted on 36 felony counts last August, has been given immunity from prosecution in return for testimony against others. The former ambassador, Mr. Kim, has been shielded by diplomatic immunity in his refusal to cooperate with U.S. authorities. Miss Thomson, who gave many parties for congressmen, has not been accused of any criminal offense.

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Sen. Humphrey To Vacate Seat At End of Year

ST. PAUL, Minnesota, April 9 (UPI)—Sen. Muriel Humphrey, D-Minn., said last night at a Democratic party dinner honoring her late husband, Hubert Humphrey, that she would leave the Senate at the end of this year rather than run for the remaining four years of his term.

Sen. Humphrey, 66, who was appointed to the seat in January, said that she wanted to "return to Minnesota and resume private life with my family and friends."

Her announcement apparently opened the way for Rep. Donald Fraser to win the party endorsement for the Humphrey seat.

Mr. Fraser's campaign staff said that he is already at the 50-percent mark for endorsement at the June convention of the Democratic Farmer-Labor party, as the Democrats are officially known in Minnesota. Sixty percent is required for endorsement.

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حکایت از این

Townley Arrested by FBI on Arrival

Chile Depicts U.S. Suspect in Murder of Letelier

SANTIAGO, April 9 (NYT)—Chile's military government yesterday deported to the United States Michael Vernon Townley, a suspect in the assassination of Orlando Letelier, a Chilean exile leader.

[Mr. Townley was taken into custody by U.S. authorities today after a flight from Chile, Associated Press reported from Washington.]

[An FBI spokesman said that Mr. Townley, 35, was being held as a witness in a federal investigation.]

Mr. Letelier and an American woman, Ronnie Moffit, were killed when a bomb exploded in his car while they were driving in Washington on Sept. 21, 1976.

President Augusto Pinochet's decision to expel Mr. Townley, an American who has lived in Chile for 21 years, was made under strong pressure from the U.S. government for cooperation in investigating the case.

While Mr. Townley's lawyer tried vainly to obtain an injunction from the Supreme Court against the deportation, the electronics technician was taken under armed guard to the international airport and placed on an Ecuadorian airline flight to Miami. He was accompanied by an agent of the FBI.

Capt. Fernandez answered all

55 Questions

At that time, Mr. Propper had submitted 55 questions to the Chilean Supreme Court to be put to Mr. Townley and to Capt. Armando Fernandez Larrosa, who also was attached to DINA, on the basis of evidence that they had both entered the United States on false passports three weeks before Mr. Letelier was killed.

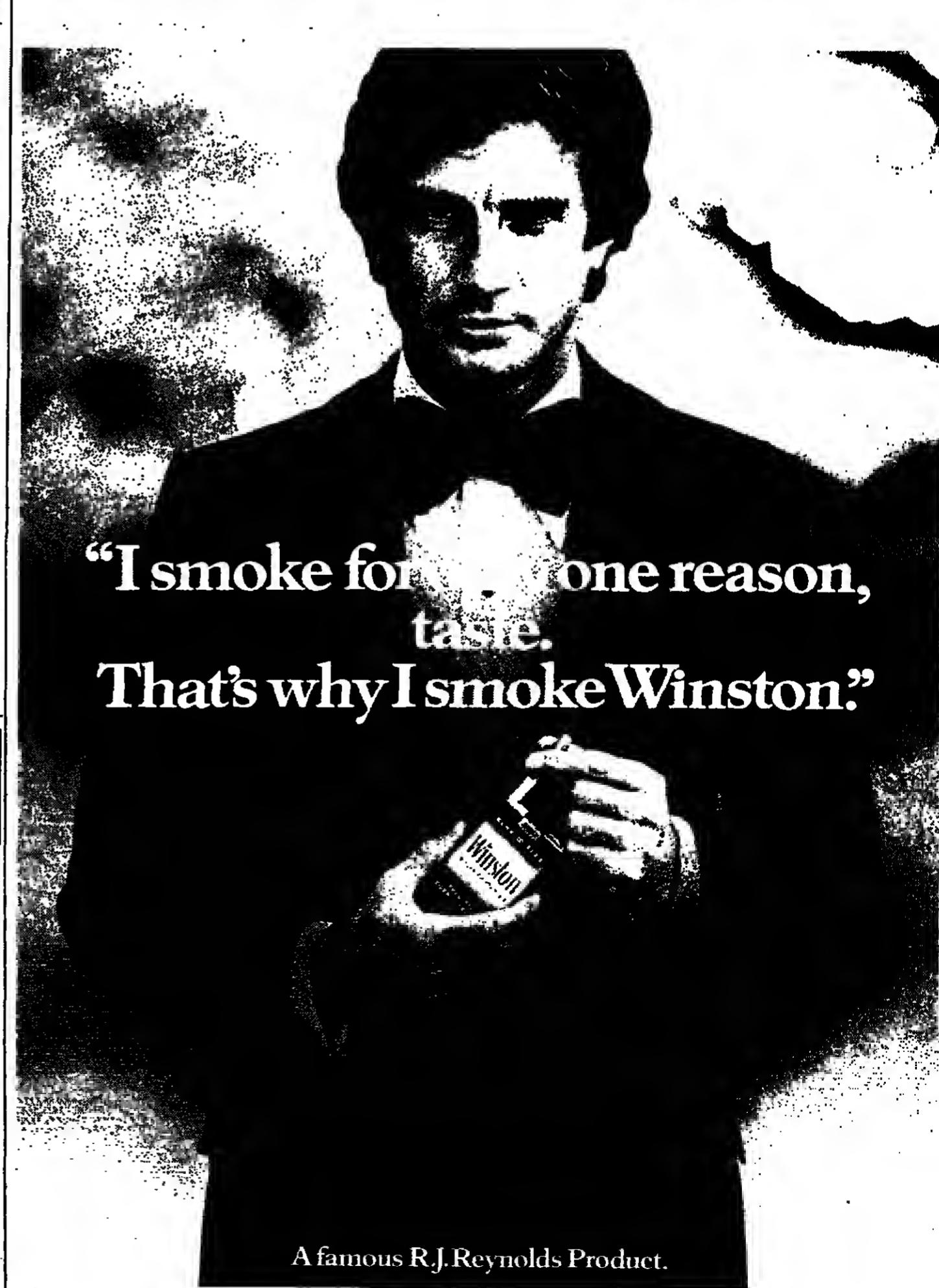
It is expected that Mr. Townley will be placed before the grand jury investigating the Letelier case in Washington and will be asked to testify under oath.

Capt. Fernandez



Michael Townley and his wife just before his ouster from Chile.

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Election Victory Strengthens Giscard's Hand at Home, Abroad

By Joseph Fitchett

PARIS, April 9 (UPI)—President Valery Giscard d'Estaing's popularity has hit a new high in French public opinion polls. In a survey this weekend nearly 70 per cent of persons questioned said they were satisfied with his performance. On the presidential coattails, even uncharismatic Prime Minister Raymond Barre, for the first time, received less criticism than praise.

The poll, the first since the ban during last month's National Assembly election, confirmed impressions that the big winner was Mr. Giscard d'Estaing, who was not running for office. Amid the rancor and recriminations between the defeated Socialists and Communists, this boost to the President's authority just beyond the halfway mark in his seven-year term provides him major new political opportunities and will enable him to play a much more active role both in French politics and on the European stage.

French commentators already predict that he will be re-elected in 1981. In effect, they say, he is embarking on a decade of power in France. Certainly he has a renewed popular mandate by proxy. The question is, how will he exploit his opportunity and how will he seek to reorient France?

Tide Stopped

In analyses of his enhanced standing, Mr. Giscard d'Estaing is portrayed as the leader who stemmed the apparently ineluctably rising leftist tide in France. In 1974 he took over a country dominated by two trends: a deepening economic recession and a rising, united left gaining confidence as it seemed electoral victory.

As President, Mr. Giscard d'Estaing has been instrumental in engineering the turnaround of this situation, including a notable economic recovery and renewed growth momentum and the maintenance of political stability and discomfiture of the formidable Socialist-Communist alliance.

In the elections, instead of voting as widely expected for a leftist parliamentary majority and a popular front-style government including Communist cabinet ministers, French voters split, roughly between left and right in the popular vote, then gave the center-right coalition an unexpectedly large 91-seat majority in the 491-seat assembly.

Mr. Giscard d'Estaing undoubtedly would have failed except for the internecine quarrel, at a fatal moment, that estranged the Socialists and Communists and discredited their common program for sweeping change.

The Giscardian counterclaim is that the leftist coalition was doomed because it was an electoral expediency rather than a meeting of minds, because French society in the 1970s rejects collectivist reorganization, because a majority of French people — often silenced by archaic party structures — want reforms, not radical change. Declaring for the presidency in 1974, Mr. Giscard d'Estaing told Frenchmen after a generation of Gaullism that "France aspires to be led from the center."

This Giscardian design — a po-

itical system oriented more towards pragmatic reforms and less towards doctrinaire extremes, a France which more closely resembles its European neighbors — now appears to be more realistic in the light of the electoral results.

In practical terms, this idea has to be turned into a consensus in Parliament and a Giscardian legislative record that will give the President a permanent political power base in the nation, help alter the present party alignments and open the door to structural reforms adapted to modern France.

Plausible tactics for Mr. Giscard d'Estaing of overcoming this intransigence has very practical implications in French life. Mr. Giscard d'Estaing's personal liberalism has set a powerful example in opening state-controlled media to opposition viewpoints, tolerating civil servants of opposing political views and getting Socialists to vote for mutually acceptable reforms instead of boycotting them out of political dogmatism.

At the same time, the President's hand was strengthened when the Union for French Democracy, the party identified with Giscardian policies, picked up seats at the expense of its own coalition partners, the Gaullist party led by Jacques Chirac, a personal rival of the President.

This pattern — pressure for change, eroded strength of the rightest Gaullists, Socialist rancor against their erstwhile allies, the Communists — has created an nibbles opportunity for Mr. Giscard d'Estaing to try adding to his strength by attracting dissident Gaullists to his party and mobilizing Socialist support for liberal reform measures.

Political Tactic

This political tactic — weakening the extreme right and stealing some leftist thunder — fits the Giscardian vision nurtured long before he entered high office and elaborated in his book, "French Democracy." It argues that the French, whose well-being and educational levels have been sharply improved by rapid economic and demographic changes since World War II, now want to escape from confrontation politics and ideological political parties of the past. In the Giscardian analysis, the French are tired of the polarized democracy of the Gaullist system of the Fifth Republic that institutionalized a few strong parties and locked them in relentless competition and paralyzing mutual suspicion.

In its place, Mr. Giscard d'Estaing has argued for a more pluralistic system involving more centers of power, the abandonment of extremes by all groups and more tolerant give-and-take in political life. He has urged several new departures: a more civil tone in French political debate to produce a more constructive dialogue between the majority and the opposition; a liberal legislative program of economic and social reform that could be

Mutual Distrust

As a result, the mutual distrust between doctrinaire leftists and authoritarian Gaullists paralyzes the right. A corresponding power shift

Seeks Change in Testimony

Bell Is Said to Oppose FBI Indictment

By Charles R. Babcock

WASHINGTON, April 9 (WP)—Attorney General Griffin Bell last year rejected a recommendation that a high-ranking FBI official be indicted for perjury and instead personally asked the veteran agent to correct his sworn testimony, that could be

suggestion that he had to be especially careful of appearances in such a sensitive internal investigation.

"It's only the weak people who lean over backwards against their own people," he said. "I'm not so lacking in confidence as that."

Mr. Bell made increasingly critical comments about the civil rights team's investigation in the months after the Kennedy indictment. And he began to urge that Mr. LaPrade be recalled and given a chance to change his earlier testimony, sources said.

The appeal to Wallace LaPrade, head of the FBI's New York field office, illustrates the problems that Mr. Bell has faced in his dual role of overseeing the FBI and the investigation of alleged illegal break-ins by FBI agents during the early 1970s.

He is expected to announce his decisions on further prosecutions in these so-called "black bag" cases early this week.

The attorney general told Mr. LaPrade, according to sources familiar with the meeting, that he did not want to indict an FBI agent — not for perjury or for any other reason.

But Mr. Bell chose at the time to indict only John Kearney, a field supervisor who worked for Mr. LaPrade, in connection with alleged mail-openings and wiretaps. Mr. LaPrade was named as an unindicted co-conspirator.

That April indictment triggered a protest by FBI agents and their supporters and it is generally considered that Mr. Bell then began to question the course of the investigation.

But some Justice Department attorneys believe that his conduct might be viewed as an example of a double standard of justice; of special treatment for an FBI agent that would not be afforded an average citizen.

Prosecutors sometimes permit witnesses to change their grand

Criticism Accepted

Mr. Bell said in a recent interview that criticism of the Decker meeting was justifiable. "I remember I was sort of startled myself when I ended up talking (with him)," he said.

The attorney general rejected the

Strategy Accepted

Mr. Bell said in a recent interview that criticism of the Decker meeting was justifiable. "I remember I was sort of startled myself when I ended up talking (with him)," he said.

The attorney general rejected the

criticism accepted.

Mr. LaPrade's case was expected to be handled through a disciplinary proceeding and might even be dismissed.

There have been indications that the task force recommended prosecutions of former FBI Director Patrick Gray 3d, Mark Felt, the former No. 2 man in the bureau and Edward Miller, who was head of the FBI's domestic security division during the period of the break-ins. The Justice Department is reported to have proposed that the men plead guilty to minor charges of civil rights violations.

Mr. LaPrade's case was expected to be handled through a disciplinary proceeding and might even be dismissed.

According to the documents,

groups on the FBI's subversive list include the American Civil Liberties Union, the Alliance to End Racism, the Chicago Committee to defend the Bill of Rights and the National Association of Social Workers. Listed among extremist groups were the Afro-American Patrolmen's League and the National Association for the Advancement of Colored People.

despatching French troops to Lebanon. The first time French forces have taken a role in a United Nations peace-keeping force, it undoubtedly signifies French intentions of seeking a role in anyof guarantees that emerges in a Middle East settlement.

On the other hand, the Socialists will have to be looked to for support on expansion of French involvement in the European community — anathema to nationalistic Gaullists.

As European leaders gather in Copenhagen this weekend, they envisaged closer economic alignment and set the date for direct elections to the European Parliament (eventually to be followed by elections for a president of Europe), and Mr. Giscard d'Estaing stood out in their ranks because his elections are safely behind him, whereas other main European statesmen face electoral hurdles at home in the months ahead.

Domestically, to forge the essential parliamentary consensus, Mr. Giscard d'Estaing has called for a "reasonable cohabitation" of majority and opposition and he is expected, as a first step, to initiate more generous arrangements for the opposition, giving them new status — for instance, sharing more government information on key issues.

Reforms

Beyond that gesture, the Giscardians must count on some long-discussed reforms. The need to reduce some glaring social injustices and get a more egalitarian society is widely recognized in France, and Giscardian proposals to raise the minimum wage or protect other least-favored social groups might get sufficient support.

Tax evasion and a capital gains tax are major issues which Mr. Giscard d'Estaing has ducked until now to avoid offending the Gaullists. Other Giscardian promises that could come off the shelf include worker co-management, real estate control, devolutionary steps to modernize the French administrative tradition of centralization.

On all these issues, the Giscardians



President Valery Giscard d'Estaing

...popularity hits a record high

representation, a mechanism to help the emergence of more small parties. Under the Fourth Republic, this "regime of parties" was blamed for the vacillating government reviled by Gaullists. In the Giscardian view, the smaller parties — less doctrinaire, more issue-oriented, more responsive to presidential initiative — are the structural reform to mirror contemporary concerns, institutionalizing Mr. Giscard d'Estaing's vision of French democracy today.

In Border Confrontation

Arms Buildup Reported in Indochina

By George McArthur

BANGKOK, April 9—The border confrontation between Vietnam and Cambodia has been made more dangerous in recent weeks by secret military moves by both nations, according to well-informed diplomatic sources.

Both sides have built up their armaments, but the Vietnamese reportedly have not significantly reinforced their border forces, despite reports to the contrary.

The Vietnamese have transferred an unknown number of Soviet-built planes to bases in South Vietnam which are within striking range of Cambodia, the sources say. And the Cambodians have been receiving more arms from China, including some radar-controlled anti-aircraft weapons.

Soldiers Not Trained

The radar-controlled guns were almost certainly accompanied by Chinese technicians, military sources report, since the guerrilla-style Cambodian Army simply does not have the trained soldiers to operate them.

There have been reports that the Chinese also are building stocks of aviation fuel at Pocheung airfield outside Phnom Penh and that Chinese transport planes come to the field more frequently than before.

These secret military moves have been accompanied by a sharp intensification of the already strident propaganda war between Vietnam and Cambodia.

Hanoi radio now carries daily attacks against its former ally, urging the Cambodian people and army to overthrow the Communist government of Premier Pol Pot. Phnom Penh radio replies with equal vigor, using captured Vietnamese officers to broadcast "confirmation" that Hanoi intends an invasion to incorporate Cambodia into a Vietnamese-dominated "Indochina Federation."

Escalation Possible

Diplomatic and military sources report that these and other signs indicate that the border war could be escalated at any time. The diplomats generally believe, however, that Hanoi has not yet decided to launch another military offensive such as the one that failed in December and January. For the moment, diplomatic sources said, Hanoi is more likely to continue its propaganda offensive, which is designed to get Cambodia to the

negotiating table and to prove that Cambodia is the actual aggressor in the continuing flare-ups.

Military sources report that the actual defense of Vietnamese frontier towns and villages remains in the hands of militia forces. They add, however, that the regular force units are flexibly deployed and could move quickly once an order is given.

© Los Angeles Times

Battle Victories Claimed

BANGKOK, April 9 (UPI)—Vietnam said yesterday that hundreds of Cambodian soldiers were killed in a series of frontier clashes

Ex-Prisoner Sets Course To Help Future POWs

(Continued From Page 1)

doesnt aim his bombs? Is that the way to lead?"

Adm. Stockdale's class will study philosophy and history to get into the teachings that stayed with him after the pressure of prison camp life had blown everything else away. The philosophy course that he took at Stanford in his 30s, said Adm. Stockdale, did him a lot more good in Hanoi than any of the Naval Academy's technical subjects.

But instead of digging out such teachings so they can form bedrock in the minds and personalities of today's military officers, complained Adm. Stockdale, the wisdom that has stood the test of time is being eclipsed by the jargon of systems analysis, managerial techniques and modern weaponry.

"We spend most of our time worrying about things that have nothing to do with our profession of arms," Adm. Stockdale's students will be directed to read Epicurus, the Book of Job, Aristotle, Plato, Kant, Mill, Sartre, Emerson, Dostoevsky, Conrad, Kafka, Koestler and Solzhenitsyn.

"I think this is the only way to teach a sophisticated audience duty, honor, country." I'm not trying to make fundamentalists out of them. I'm not trying to make warmongers out of them.

"I'm trying to make more self-confident leaders who will realize half of what comes into their baskets is crap and that they should worry about things that are important."

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PORTUGAL HOLIDAYS
see classified

CHICAGO, April 9 (UPI)—Federal agents have collected more than 7 million pages of information on suspected subversive and extremist groups in the Chicago area, documents released by the FBI revealed yesterday.

According to the documents,

groups on the FBI's subversive list

include the American Civil Liberties Union, the Alliance to End Racism, the Chicago Committee to defend the Bill of Rights and the National Association of Social Workers. Listed among extremist groups were the Afro-American Patrolmen's League and the National Association for the Advancement of Colored People.

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Obituaries**Ford Frick, 83, Overseer Of Baseball in 1951-65**

BRONXVILLE, N.Y., April 9 (AP)—Ford C. Frick, 83, commissioner of baseball from 1951 through 1965, died yesterday after a monthlong stay at a hospital.

Mr. Frick, a former sportswriter and columnist, semi-professional baseball player, college professor and radio commentator, became the sport's third commissioner after Kenesaw (Mountain) Landis and A.B. (Happy) Chandler.

He had suffered strokes in recent years and had been hospitalized several times.

Mr. Frick joined the National League as a member of its publicity staff in 1933 and was named league president a year later upon the resignation due to ill health of John Heydler.

He served in that post until Sept. 20, 1951, when he succeeded Mr. Chandler. Mr. Frick was elected to the Baseball Hall of Fame by the old-timers' selection Committee in 1970. He served as commissioner until 1965, when he was succeeded by Gen. William Dule Eckert.

Clemente M. Rojas

GUATEMALA CITY, April 9 (AP)—Clemente Marroquin Rojas, 81, former vice-president of Guate-



Ford C. Frick

Sir Clough Williams-Ellis

PORTRMEIRION, Wales, April 9 (AP)—Architect Sir Clough Williams-Ellis, 94, the first chairman of Britain's new town development after World War II, died in his sleep at his home here early today.

Sir Clough headed the Stevenage development corporation which planned and built a town of that name in the Hertfordshire countryside, 28 miles north of London.

Robert A. Gordon

BERKELEY, Calif., April 9 (UPI)—Robert A. Gordon, 69, an economist and international authority on business cycles and man-

Using U.S. Radio Telescopes**Astronomers Find 'Cosmic Blowtorch'**

By Walter Sullivan

NEW YORK, April 9 (NYT)—A "cosmic blowtorch" more than 750,000 light-years long and originating in the heart of an elliptical galaxy has been detected by radio astronomers. Its source, mappers of the jet believe, may be gas compressed by an extremely massive black hole.

Observation of the elongated jet, whose structure resembles that of a blowtorch flame, may help explain how the largest structures known to science have come to exist.

These structures consist of galaxies, or giant assemblages of stars, that emit intense radio waves from their visible regions and often even more strongly from satellite sources millions of light years out along opposite extensions of their spin axis.

A light year is the distance that light travels in a year at the rate of 186,000 miles a second. It takes light eight minutes to reach the earth from the sun.

Narrow Link

It has been widely assumed that the far-flung satellite sources of radio emission are objects blown out of the galaxy by past explosions. However, the newly mapped jet forms an extremely narrow, continuous link between the core of the galaxy, known as NGC 6251, and one of its satellite regions (in this case with double structure).

Each year it is estimated that this jet transports to that satellite energy and matter equivalent to that of four suns. How such vast amounts of energy are generated within radio-emitting galaxies remains one of the prime mysteries of contemporary physics.

The black hole that, it is suggested, may exist in the core of NGC 6251 would be 100 million times more massive than the sun. Other astronomers have recently presented more direct observational evidence for a black hole in galaxy M-87 that is 5 billion times more massive than the sun.

The M designation refers to the Messier catalogue of such objects. The NGC prefix refers to the New General Catalogue of Nebulae and Clusters of Stars published in 1888 by J.L.E. Dreyer of the Armagh Observatory in Ireland.

The new observations of NGC 6251 were carried out July 23-24 by astronomers of the California Institute of Technology using three widely spaced radio telescopes. They were stationed at the Haystack Observatory in Westford, Mass.; the National Radio Astronomy Observatory in Green Bank, W. Va., and the Owens Valley Radio Observatory in Pine, Calif.

Atomic Clock

The recordings were timed by a high precision atomic clock so they could be played, each against the other, using interferometry to map the source region in terms of radio emissions. Dr. Marshall Cohen of

Youths Protest Unemployment In Washington

WASHINGTON, April 9 (AP)—Several thousand young people, many out of work, demonstrated on Capitol Hill yesterday, saying the President and Congress have not done enough to create jobs.

The Youth March for Jobs Committee, a New York-based group which organized the protest, estimated the crowd at 5,000.

"We are here to remind President Carter that if this country has enough money to give arms to Turkey, to give arms to Israel, to give arms to Egypt, then there must be enough money to provide jobs for all who want them," said the Rev. Eugene Callender of Church of the Master in New York's Harlem. He said the demonstrators brought "a message to all the power brokers in Washington. We want jobs and we want those jobs now."

The demonstrators marched from the Lincoln Memorial, past the White House to the Capitol carrying banners and chanting slogans.

National Airlines

Israeli Seamen End Three-Month Strike

TEL AVIV, April 9 (AP)—Israeli seamen ended a strike Friday that lasted nearly three months and agreed to submit their pay demands to an arbitrator.

Backed by a government policy to remain adamant against wage increases, the merchant fleet management stuck to its original offer of a 20-25-per-cent pay rise to about 2,000 seamen. The management also demanded, and received, a promise from the union to avoid another shutdown during the new contract.

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Return of Shape in Paris Fashions**Slim Silhouette Sure Thing for Winter**

By Hebe Dorsey

PARIS, April 9 (IHT)—The main story out of Paris is the return of the shape.

The slim silhouette, which has been lurking at the door of spring, is now a sure thing for winter. It is often concealed under pleats and flounces, with voluminous garments still around, but that is only a transition at best. The most advanced designers have already taken the jump—and Karl Lagerfeld, who will show Chloe's collection tomorrow morning, is coming right out with an hourglass shape.

The slender silhouette is a challenge because it is harder to do than the current look, which often became an assemblage of loose, unconstructed layers that mostly relied on good color and a sense of texture.

It all hangs on wide shoulders and the resulting looks borrow from every possible world—military, explorer, rugby player or weird astronaut.

The coat, long out of the picture, makes a spectacular comeback but in a new, slim, masculine overcoat shape.

Skirts Are Long

Jackets, on the other hand, are softer and shorter and invariably worn over matching vests. Skirts are long, sometimes reaching as low as the ankles, and worn with wool stockings and high-heeled boots. But pants, and more pants, are clearly saying that this now has to be a woman's world.

Jewelry is on the nutty side. Often made of colored, fake crystal, it is sometimes as big as lollipops.

Fabrics are different, too. The soft, spongey, lacey kind has given way to dryer, duller textures, often stiffened by quilting. Corduroy, tweed, broadcloth and lots of leather.

er give the collections a strong, rugged look. Velvets and satins dominate the evening picture.

At Jean-Claude Lucas's, it is no fuss, no frills. He believes in a strong, aggressive woman.

Giant Blousons

In a collection that denoted a much stronger hand than usual, De Luca offered giant blousons with rugby player shoulders, still emphasized by huge, puffy sleeves. That woman wears pants or jumpsuits, thick corduroy, quilted kakhi coats, black leather, cowboy boots and her gun strapped around her waist.

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It all hangs on wide shoulders and the resulting looks borrow from every possible world—military, explorer, rugby player or weird astronaut.

The coat, long out of the picture, makes a spectacular comeback but in a new, slim, masculine overcoat shape.

Outer Space Woman

No surprise otherwise. Mugler's woman comes from outer space with heavily padded and ribbed shoulders, tightly belted waists and astronauts' shoes.

Mugler's shoulder treatment included different-colored ones, making for an even chunkier look. His best moments were the stiff jump-suits, the raincoats with patent-leather shoulders, the navy cadet look and the black velvet jump-suits.

The French ready-to-wear big guns have not yet shown.

The last leg of the European fashion season belongs to the British, who will be showing in London next weekend.



Lagerfeld's evening dress with hourglass shape for Chloe.

A truck working on a construction site. A truck crossing a continent. A bus carrying tourists, or workers, or schoolchildren. Vehicles named Fiat, OM, Lancia, Unic, Magirus-Deutz. This is the world of Iveco.

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Monday, April 10, 1978 *

The Carter Neutron Statement

For the moment, anyway, President Carter seems to have come out at the right place on his neutron-weapons decision. He has kept in train the activities that will make production of those weapons possible within about a year's time (that is, he has not called off production); and he has said that he will decide "later" whether actually to start up such production when it becomes possible to do so. The production decision, Mr. Carter said in a statement issued from the White House on Friday, would be "influenced by the degree to which the Soviet Union shows restraint in its conventional and nuclear arms programs and force deployments affecting the security of the United States and Western Europe." Meanwhile, the relevant weapons will be modernized and made ready to receive either the neutron or other improved shells and warheads.

The President, in our view, has conditioned his decision on precisely the right things: Soviet restraint in the relevant categories of military action—not on some tangentially "linked" Soviet enterprise. And he has publicly committed the U.S. government to go forward with needed modernization of the affected weapons whether the end result will be neutron warheads and shells or not. This is as it should be. The question of whether or not the United States should proceed with production of neutron weapons and whether the NATO countries should accept them was—and remains—a legitimate and dead-serious public issue. But there was something skewed, even grotesque, in the way the thing had come to be perceived as a question of whether or not the United States would embark on some villainous, Strangelovian enterprise likely to introduce a new element of horror into the East-West military balance.

In saying we think Mr. Carter has come out at the right place "for the moment," we

mean to suggest that the wisdom and merit of his decision can only be proved out in the months ahead. The point is that, if this exercise in bargaining is to have the right effect, the position Mr. Carter now takes must be plausible and real: It will have to be indicated to the Russians that he is not just sitting by his telephone waiting for an overture or a vague promise to talk about talking to use as an excuse for deciding against production. It will have to be demonstrable that the neutron option is one he will only pick up or forgo for clear and practical reasons of military defense. It will have to be demonstrable, in other words, that Mr. Carter is absolutely serious about and committed to the position he took on Friday. We are bound to say that this is likely to be somewhat easier now that he has a rather clearer signal from the key NATO countries than he did before the recent flap. And to some extent Mr. Carter's own apparent backing and filling on the issue could be explained by the spot those NATO countries had put him in—wishing the United States not just to take the lead on neutron weapons, but also to take all the political heat. Events of the past week or so have at least got the Germans and some others to record publicly their private positions on the question. In fact, the politics of the neutron decision, especially in Western Europe, are almost as complicated as the chemistry and physics involved. And there is, both here and abroad, a certain amount of political (or "image") damage for Mr. Carter to try to undo in relation to what went before. But we think the President, who has made plain both his keen desire to turn down the nuclear-weapons competition and (now) his unwillingness to do so unilaterally in the face of a Soviet weapons build-up, has made a good start.

THE WASHINGTON POST.

Taking a Chance on Turkey

Secretary of State Vance told Congress last Thursday that if only it would lift its restrictions on shipments of U.S. arms to Turkey, the Turks and Turkish Cypriots would put forward new proposals for a Cyprus settlement. He may be right. But the issue is not whether there will be new proposals. Rather, it is whether the proposals will move Turkish troops back from the 40 per cent of Cyprus they now occupy to a zone more nearly proportional to the 18 per cent of the island's population that is Turkish. Vance is thus asking Congress to join him in betting that once the U.S. restrictions are removed, the Turkish government of Prime Minister Ecevit will be able to make large concessions that could not be made while the limits remain.

The bet may be a bad one. In Turkey's politics, no time is a good time for conceding territory to Greek Cypriots. And Ecevit's position seems less strong now than it did when he returned to office last Jan. 1. In parliament he has been able to govern without the votes of ultranationalists. But in the streets extremists continue their campaigns of violent intimidation that have taken more than 100 lives this year. There is no reason to think that Ecevit himself does not want to be generous so as to remove the Cyprus problem from his crowded agenda. But in the pre-

THE NEW YORK TIMES.

vailing political climate, concessions that are even remotely acceptable to the Greek Cypriots may be impossible. And once U.S. pressure is removed, Ecevit will have even less reason to take political risks.

Vance emphasized the strains that the limits on arms shipments impose on Turkish politics and Turkey's links to NATO. But he glossed over the comparable strains on Greek politics, and Greece's links to NATO, if the removal of the restrictions is not accompanied by a satisfactory outcome on Cyprus. Greece is not less important to NATO's southern flank than Turkey. Any bargain that "saves" Turkey for the alliance at the cost of losing Greece would be hollow indeed. And if, as is likely, Congress should refuse to ease the limits on Turkey, the administration's present approach risks alienating both countries.

Turkey's spokesmen decry what they see as a U.S. tilt toward Greece, and they say that they only want Americans to be "even-handed." Yet in the present Cyprus situation, removing the arms limits would amount to a tilt toward Turkey. So long as Ankara's troops remain where they are on the island, Congress should retain the only leverage it has.

THE NEW YORK TIMES.

Joe Campos Torres

Joe Campos Torres was a 23-year-old Mexican-American who died in Houston, Texas, after being beaten by three city policemen. The mild punishment imposed on the former officers last month has aroused the indignation of Houston's Hispanic community, of observers around the country and, now, of the U.S. Department of Justice.

A federal district judge sentenced the three defendants to a year in jail for violation of their prisoner's civil rights—a sentence that the Justice Department describes as "entirely inappropriate considering the offenses for which the defendants were convicted." Aiming for review by a higher court, the department argues that federal law forbids suspending a sentence for an offense that carries a maximum penalty of life imprisonment.

The Justice Department's intervention is unprecedented, and may prove to be nothing more than a gesture against an abuse of judicial discretion. But it does draw attention to the leeway in sentencing now enjoyed by federal judges and the difficulty of redressing an apparent wrong. In Houston the judge's sentence was so gentle for a crime so brutal that it attracted national concern. But there are many other less-noticed cases in which judges have shown remarkable leniency, particu-

larly toward those convicted of white-collar crimes.

An attempt to bring this troubling situation under control is embodied in the major revision of the federal criminal code that has passed the Senate and is languishing in the House. Sentencing guidelines would be set for various categories of crimes. In the Houston case, for example, a sentence of four to five years, without parole, might have been suggested. The judge would still have been able to give a shorter—or longer—sentence, but if he had done so, he would have had to state in writing the reasons he was not following the guidelines. If he handed down a heavier sentence, the defense could appeal. If it was lighter, as light as the one in Houston, the prosecution could appeal and the appellate courts could increase the penalty or send the case back to the trial judge.

This provision of the code has been criticized on the ground it could result in harsher treatment of poor and minority defendants. But the defense would have the right of appeal against unusually stiff punishment. And, as the scandal in Houston demonstrates, poor and minority victims, too, need protection against judges whose sentences do not by a long shot fit the crime.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago
 April 10, 1903

CHICAGO—President Roosevelt participated in a picturesque scene yesterday at Bismarck, N.D. There is a reservation belonging to the Sioux Indians near that place, and 20 chiefs of the tribe, including several old warriors who fought U.S. troops in the Sioux wars, came into Bismarck to great "The Great White Father" and present him with a stone pipe of peace.

Fifty Years Ago
 April 10, 1928

PARIS—With Mme. Curie holding first place, the arts, sciences and athletics are represented by the 10 women who rank highest at present in a poll to determine the most popular woman in the opinion of the people of France. The only American woman mentioned, thus far, is the late Lois Fuller, the dancer. Several British women have been named: Mrs. Emmeline Pankhurst, George Eliot and Edith Cavell.



Necessity and Honorable Men

By Stephen S. Rosenfeld

WASHINGTON—It struck me, while listening to a covey of former CIA directors testifying the other morning on a proposed law to control the intelligence community, that people who do secret security work have a special personal avowal to their "honor" and its own solid basis.

Perhaps it is that they move in a world where deeds considered strange or deceptive or even illegal are regularly practiced, and where they see (and look for) the raw and ugly side of other people, and where the moral or legal compass bearings that "normal" people supply to each other in their daily routine have been blurred by the secrecy or ambiguity or sense of high national mission touching much intelligence work. They need to know that their work is valued, and so are their souls.

I have to say I had been reading the brilliantly conceived British thriller "The Honourable Schoolboy," whose title figure, a spy with journalistic cover, is not only an aristocrat (The Honourable . . .) but in author John Le Carre's evident view, an honorable man. Of which more below.

William Colby, a former CIA director, was testifying. To make his point that across the centuries states have excepted intelligence from the constraints of law, he cited Nathan Hale, executed (at age 21) for spying on the British, and quoted Hale's belief that "every kind of service necessary to the public good, becomes honorable by being necessary."

Becomes honorable by being necessary—the first U.S. statement of the ethical code of what is sometimes called the national security state? Colby himself now rejects that code. He doesn't feel CIA people necessarily have been dishonorable. Quite the contrary. He told me during a break in the hearing that the level of honor in the agency was a good deal higher, though lessening than the public realizes.

The title of his own forthcoming book is "Honorable Men."

But Colby has made a great leap. He has abandoned the old-school notion that it is enough for the CIA to be guided by a sense of institutional honor. He welcomes, as he said in his testimony, the new concept, represented by the proposed legislation, "that American intelligence must operate under the confines of the Constitution we Americans have established as the framework to govern our affairs."

Between a code of honor and the rule of law lies a tangle of history, some terrible abuses, some honorable acts, much moral confusion. The difference between the two is not that of night and day, arbitrariness and legality or, in an operational context, effectiveness and inadequacy. It would be more accurate to say that the national consensus has changed. Formerly it supported the honorable old-school boys of the CIA, who were deemed unfeeling of the customary democratic controls and now it supports the Senate's historically unprecedented project of bringing intelligence under law.

You cannot say, however, that the new concept has swept the whole intelligence community. In a rare public speech in 1971, then-CIA director Richard Helms, manifesting the intelligence man's characteristic craving to have his honor stroked, pleaded for the American people to believe "that we, too, are honorable men." He conceded:

"The nation must to a degree take it on faith." Obviously, he did not

expect that subsequent disclosures — of abuses that took place, unaddressed by him, during his directorship — would let the nation judge the CIA's honor, and its own on a more solid basis.

Helms went on to give the public an even more direct insight into his own system of values. Convicted last year of failing to testify fully and accurately to Congress about CIA operations in Chile, he described his conviction to the press as "a badge of honor"—it meant to him he had kept his agency oath not to divulge classified information. I found it sickening that he could actually take pride in feeling himself above the law.

He takes the honorable schoolboy himself, the journalist-spy, the final step forward. "You point me and I'll march," Gerald Westerby begins. At the end, catastrophe overwhelms him, but not only catastrophe. Not as a spy but as a man one who loves, his honor is redeemed.

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As Weizman sees the Egyptian-Israeli negotiations, the big problem lies in the psychology of the two leaders. Each believes that he has made a supreme concession, but that its historic importance has been insufficiently recognized. So each is now hanging tough waiting

for the full measure of previous action to work their magic.

Sadat's great concession, of course, was the visit to Jerusalem and the expression of willingness to make peace with Israel. Weizman believes Sadat regards his trip as a kind of super-phenomenon that should have transformed the atmosphere totally. So the Egyptian leader has reacted harshly against Begin's detailed precautions for assuring Israeli security in the Sinai desert and on the West Bank of the Jordan.

Begin's great concession, in Weizman's eyes, was in not asserting Israeli sovereignty over the West Bank. For his whole political life the Israeli leader has believed that Samaria and Judea, the territories west of the Jordan, were part of the Israeli homeland. In his peace plan he not only yielded sovereignty over the Sinai desert back to Egypt, he also agreed to suspend Israeli claims on the West Bank temporarily. That suspension could last forever, and could even lead to a Palestinian state.

But far from getting credit for his concession, Begin has been reproached for not matching Sadat in generosity. He has been accused of being intransigent on Israeli settlements and withdrawal from the West Bank.

So where Sadat feels unappreciated, Begin feels positively hurt.

Weizman's principal aim in shuttling between Jerusalem and Cairo is to explain each leader to the other. He would like Sadat to see what far-reaching concessions the offer made by Begin actually implies. He would like to draw from Begin a new appreciation of the historic contribution made by Sadat.

The defense minister hopes to do

more than merely curse wounded vanities. He aims to promote concrete agreement on difficult points.

For example, he is advancing proposals whereby Israeli settlements might be maintained in the Sinai without any breach of Egyptian sovereignty. "We are getting down to brass tacks," he tells visitors.

One reason for getting down to brass tacks is to probe Egyptian intentions. Many Israelis believe that President Sadat has been steadily hardening his position while causing Israel to lose public opinion, particularly in the U.S., by focusing attention on the settlements and the West Bank. For his whole political life the Israeli leader has believed that Samaria and Judea, the territories west of the Jordan, were part of the Israeli homeland. In his peace plan he not only yielded sovereignty over the Sinai desert back to Egypt, he also agreed to suspend Israeli claims on the West Bank temporarily. That suspension could last forever, and could even lead to a Palestinian state.

But Weizman is a long way from that pessimistic position right now. He believes Sadat genuinely wants an agreement. He thinks Sadat would find it extremely difficult to admit that his great initiative has failed.

He is further convinced that Israel's Lebanon invasion helped Sadat by discrediting the Syrians, Iraqis and Palestinians, and thus validating the argument that Egypt and Israel are the only major parties to the conflict in the Middle East. He finally feels that Saudi Arabia, far from curbing Egypt as many assert here and in Washington, is actually supporting the Sadat peace effort.

So, as he tries to keep alive what remains of the Egyptian-Israel peace talks, Weizman is not depressed. "I feel confident," he says, "in a stormy period."

Offering Israelis Solid Guarantees

By James Reston

WASHINGTON—The Carter administration has not abandoned its search for a "comprehensive peace settlement" in the Middle East. It is far from a decision on the "bold initiative" it thinks will be necessary to break the diplomatic impasse, but it has

done a treaty obligation with bases in the area than it is now. Neither the Arab states nor Israel would be likely to start a war against the terms of the treaty and in opposition to the United States with air and naval bases in the area backing up the U.S. Sixth Fleet.

Also, such a military presence, according to the advocates of the arrangement, would discourage any military adventures not only against Israel but against Saudi Arabia and the turbulent states of the mouth of the Red Sea and along the Horn of Africa.

In Common

Israel, Egypt, Jordan and Saudi Arabia, while they differ on many things, at least have this one thing in common: They are all opposed to the spread of Communism and power in the Middle East and in Ethiopia and the Sudan.

But without a comprehensive settlement, backed by U.S. guarantees and military power, they are not able to agree among themselves or even to think about a regional non-aggression pact that might stabilize the area after generations of conflict and war.

The guess in Washington—it is no more than that—is that the Senate would ratify such an arrangement after protracted debate if it seems likely to bring genuine peace and cooperation to this strategic corner of the world, for the risks of continued disruption, envenomed by Communist penetration, are at least as great as the risks of a formal U.S. political and military commitment.

Finally, at least some officials in Washington are coming to the view that it is no use waiting until Israel and the Arab states negotiate a comprehensive settlement before facing the question of U.S. guarantees. For there is little likelihood that such a compromise will be reached unless the offer of U.S. guarantees and bases comes first.

All this, of course, will require protracted negotiations, first within each government concerned and later between Washington and Jerusalem and Washington and Cairo. But at least such ideas are being discussed here and may provide new ways of approaching the present diplomatic blockade.

Security

That, however, was before the present confrontation between Carter and Prime Minister Begin. Begin has complained that Sadat's peace proposals were more "theoretical" than practical. For one thing, as Begin sees it, they would provide no security for Israel after Sadat was gone. For another, they would provide no security from attack by Israel's other Arab neighbors.

The U.S. treaty guarantee idea under discussion here—it is still no more than that—is intended to provide that practical military security that all political parties in Israel want. But no such guarantee is even remotely possible without fundamental changes in Begin's position on territory and the Palestinians, and the sale of U.S. planes to Saudi Arabia and Egypt.

From the U.S. point of view, a comprehensive settlement, backed by specific guarantees, carries both risks and advantages. In the event of a Middle East war, the United States would obviously be involved immediately, with unpredictable consequences for U.S.-Soviet relations.

On the other hand, the United States would be in a better position to prevent the outbreak of war under its own security from attack by Israel's other Arab neighbors.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers must request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

Evaluating the Weizman Mission

By Joseph Kraft

his great weakness is "overconfidence." A few days ago he acknowledged that his move to put a government of national union in place of the present regime led by Prime Minister Menachem Begin was a political blunder. Only hours after he first met Anwar Sadat during the famous Jerusalem visit they were both talking intimately about relatives lost in the 1973 war.

As Weizman sees the Egyptian-Israeli negotiations, the big problem lies in the psychology of the two leaders. Each believes that he has made a supreme concession, but that its historic importance has been insufficiently recognized. So each is now hanging tough waiting

for the full measure of previous action to work their magic.

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Euromarket— Dollar Bond Prices Move Up As Investors Reassess Outlook

By William Ellington

LONDON, April 9 (AP-DJ)—Eurodollar bond prices moved up last week amid indications that semi-meaning among professional money managers is becoming more positive toward dollar investments.

In talking about both the dollar's foreign-exchange rate and the yield structure of the Eurodollar bond market, many specialists are now arguing that market prices have already discounted the adverse financial effects of a continuing large U.S. trade deficit and a rising rate of U.S. inflation.

"We are seeing a lot of institutional demand for dollar bonds because the professional managers now think that the downside risk is limited," an executive at a large Swiss bank said.

He added that a certain amount of switching from Deutsche mark and Swiss franc issues into dollar bonds is taking place due to the view that the dollar is now at sustainable levels and may rise later in the year.

'May Be Over'

A similar view was taken by Phillips & Drew in its first monthly market letter devoted to the Eurobond market. "With the prospect of some improvement in the U.S. trade deficit during the second half, we believe that the worst of the dollar's weakness may be over," the London brokerage firm said.

It added that further substantial appreciation of the mark is doubtful because of a projected decrease in West Germany's current-account surplus and because of the inflationary threat posed by rapid expansion of that nation's supply.

Aside from recommending a switch out of long-term Euromark-

bonds into short-term dollar bonds, Phillips & Drew said investors should look at the possibility of investing in those long-term Eurodollar bonds which have heavy amortization schedules and which are selling at substantial discounts. "Issues of this type may be purchased with the aim of making a profit when the sinking fund buys in the current year; or on a medium-term (three-to-four-year) view that the price will be forced close to par by the operation of the fund, even though the interest climate is unfavorable."

Calendar Light

Although prices of Eurodollar bonds were pushed up over the week, the calendar of scheduled offerings remained light.

Currently offered is a \$35-million, seven-year note for IC Industries Finance Corp. with an indicated annual coupon of 9 per cent.

In the Midwest, Telesilander Voima, the Finnish electric power utility is selling a \$25-million, 10-year issue with a coupon of \$4.75 per cent. The terms were considered a bit tight buy some specialists and it was assumed that the issue would be priced at a discount.

Ishikawajima-Harima Heavy Industries is the second Japanese industrial company to tap the market for floating-rate notes. Its \$50 million, five-year offering will bear semi-annual interest at the higher of either 5.75 per cent or 0.25 points above six-month Eurodollar offered rates. The issue is guaranteed by Dai-Ichi Kangyo Bank.

Though the DM and the Swiss franc bond markets were not performing well during the week, the market for yen-denominated foreign issues continued to boom even

U.S. Commodities

NEW YORK, April 9 (AP)—Wheat futures prices were propelled to new contract highs last week on speculation that China had bought a large quantity of wheat for the first time since 1974.

By the final session Friday, rumors were widespread that China had purchased a million metric tons of wheat and was in the market for other grains. Agriculture Department officials said they couldn't confirm such a sale.

Despite temporary setbacks stemming from President Carter's threat to veto emergency farm legislation, May wheat contracts netted gains of 13 cents for the week to close at \$3.26 1/4 a bushel.

Nearby grain and soybean contracts traded on the Chicago Board of Trade received particular support because of the tightness of available supplies, analysts said.

Soybean futures values, after plunging the daily limit of 30 cents a bushel in nearby months on Monday, recouped most of the losses by the end of the week. The May contract gained 10 cents, while older old crop deliveries were 5 to 13 1/4 cents lower. Corn futures values ranged from 7 cents higher in the current contract to 3 1/4 cents lower in distant months.

Metal futures were "on a very nervous roller-coaster ride," said one analyst.

After zigzagging most of the week, gold contracts on New York's Comex averaged net losses of \$7 an ounce to finish at \$177.70 in the April delivery. Silver futures prices slumped about 26 cents to \$5.25 in the May contract.

Liquidation in anticipation of President Carter's speech outlined his anti-inflation program contributed to a sell-off in those markets. Earlier in the week, metals trading was influenced by contradictory reports concerning Treasury's intentions to auction gold from U.S. reserves to aid the dollar.

Copper futures prices surged 1 1/2 cents a pound to 61.6 cents in the April contract on reports that Japan's demand for refined copper has increased substantially since production cutbacks were made in Africa.

Livestock futures posted a good advance on the Chicago Mercantile Exchange, with cattle contract prices rising 1.47 to 2.21 cents a pound and hog deliveries climbing 1.25 to 1.67 cents.

By the end of the week, soybean prices ranged from 10 1/4 cents higher to 13 1/4 cents lower, with May quoted at \$7.00 a bushel; wheat advanced 6 1/2 to 13 cents. May \$3.26 1/4 corn was 7 cents higher to 3 1/4 cents lower, May \$2.63 1/4, and oats were 1 1/4 to 13 1/4 cents higher, May \$1.43 1/4.

though interest rates on most yen issues were lowered by 30 basis points at the beginning of April.

Well Received

Norway's 25-billion yen, five-year notes were well received.

Priced at 99.10 with a coupon of 6.4 per cent, the Argentine issue was trad-

ing at around 99.30.

Prices of Eurosterling bonds stabilized somewhat last week, but were bid at 101 even though the offering technically had not been

(Continued on Page 11, Col. 1)

The U.S. Economic Scene**Inflation Causing Widespread Concern**

By Thomas E. Mullany

SAN FRANCISCO, April 9 (NYT)—The talk of the business world here, as it seems to be just about everywhere else at the moment, is the upside in inflation this year and the danger that it will continue to rise rather than recede.

And there is particular worry in this area over the course of action that Washington may take to cope

with the problem when the adminis-

tration discloses its expected infla-

tion antidote next week.

Two prominent business executives in this city, who reluctantly

play a role in administering the

nation's last experience with eco-

nomic controls to fight inflation

during the early part of this decade,

indicated in interviews last week

that they are just as strongly op-

posed now to such programs or to

any kind of "incomes policies."

As vehicles for restraining infla-

tion, such policies do not work and

cause more harm than good, accor-

ding to George Schultz, presi-

dent of the Bechtel Corp., and Ben-

jamin Biagianni, chairman of the

Southem Pacific Co.

Mr. Schultz was director of the

U.S. Office of Management and

Budget in the Nixon administration

when the last big-price controls

program was adopted and then

served for two years as secretary of

the treasury starting in May, 1972.

Mr. Biagianni was a member of the

National Pay Board for five

months during the period of con-

trols at that time.

Strong Policies

"We desperately need a strong

set of policies, but not the so-called

incomes policies that always be-

come the center of attention when a

dose of higher inflation appears, to

combat the inflation we are now

seeing," Mr. Schultz said.

When an incomes policy is

adopted and accepted by both la-

bor and management, Mr. Schultz

said, "the people feel they

have something in place to deal

with inflation and can then go on

to do other things they might not

otherwise do, such as taking more

stimulative fiscal and monetary

actions, that will only increase the

inflationary pressures."

Mr. Schultz's prescriptions for

dealing with inflation include such

"unpleasant things" as a presiden-

tial veto of the new emergency farm

legislation; a reduction in federal

spending "to bring the budget back

into control;" a moratorium on

cost-raising measures by Congress;

a "tough stance" against expensive

monetary policies and a rollback of

federal spending in the next several

"unreasonable" government regula-

tions that are costly to business and

impede new investments.

Mr. Schultz says that he is op-

posed to the move to reduce the So-

cial Security tax increases sched-

uled to become effective next year.

However, he favors an across-the-

board tax cut that might be even

larger than the \$25 billion proposed

by the administration, provided

that steps were taken to scale down

federal spending in the next several

years.

And he maintains that tax-incre-

asing proposals, such as those suggested by Arthur Okun, an economist at the Brookings Institution, and Henry Wallace, a governor of the Federal Reserve Board, are "on the wrong

track" because they require all the

rules and regulations of a formal

wage-price controls system.

Mr. Biagianni stresses the need for

less government regulation of all

industries as an anti-inflation poli-

cy, especially in energy develop-

ment.

"The railroads have been regulat-

ed longer and more severely than

any other industry and they also hap-

pened to be the industry in the

most financial trouble," he said.

"That ought to tell us something."

Mr. Biagianni said that he was

"against controls in any form and

hopes the nation doesn't go down

that route again."

"The fundamental reason why the dollar has been declining," Mr. Biagianni said, "is that the mar-

ket sees the rate of inflation in the

United States going up and the rate

of inflation elsewhere going down,

and also sees a democratized United

States economy, where we are not

able to face big issues and take de-

cisive actions. If we had strong

anti-inflation measures in place, we

wouldn't have to resort to those other actions."

New York Stock Market

NEW YORK, April 9 (NYT)—Despite the lingering worries of inves-

tors over inflation, interest rates, the dollar and the vigor of the economy, stock prices managed to move higher last week. For the present, at least, it seemed to indicate that these worries — and others — already had been built into the depressed level of the stock market. As a result, the Dow Jones industrial average rose 12.2 points to finish at 769.58.

Volume on the New York Stock Exchange amounted to 120.16 million shares, compared with the previous week's 106.51 million shares.

It was an eventful week in the fixed-income sector. On Monday, the Treasury auction fetched an average return for three-month bills, six-month bills, also sold on a discount basis, provided a yield of 6.717 per cent. For both maturities, these yields at auction

were the highest since February. Meanwhile, the yield on Bell System subsidiary bonds moved a shade above 8.75 per cent on Tuesday, the highest level in nearly two years. By contrast, a Bell unit sold bonds

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INTERNATIONAL HERALD TRIBUNE, MONDAY, APRIL 10, 1978

Over-Counter Market

	Sales in 100s	High	Low	Last	Chg.	Net Chg.
TREBL 23	903	904	895	894	-14	
Tremco 1	48	1954	1954	1954	-14	
Tri-Am 103	703	704	695	704	+16	
Tri-Chem 23	485	12	12	12	+16	
Tri-Dent 10	11	224	21	224	+16	
Tri-Med 245	245	504	490	504	+16	
Tri-Plus 120	118	204	202	204	+16	
Tri-Sys 23	23	23	23	23	+16	
Twinkly 25	13	13	13	13	+16	
Tyronite 39	22	22	24	24	+16	
UACAdv 38	45	276	272	272	+16	
UACInd 44	103	124	122	124	+16	
UACInt 24	103	124	122	124	+16	
UACInt 35	94	696	684	684	+16	
UACInt 36	91	334	334	334	+16	
UACInt 37	72	196	194	194	+16	
UACInt 38	22	124	122	124	+16	
UACInt 39	22	124	122	124	+16	
UACInt 40	22	124	122	124	+16	
UACInt 41	22	124	122	124	+16	
UACInt 42	22	124	122	124	+16	
UACInt 43	22	124	122	124	+16	
UACInt 44	22	124	122	124	+16	
UACInt 45	22	124	122	124	+16	
UACInt 46	22	124	122	124	+16	
UACInt 47	22	124	122	124	+16	
UACInt 48	22	124	122	124	+16	
UACInt 49	22	124	122	124	+16	
UACInt 50	22	124	122	124	+16	
UACInt 51	22	124	122	124	+16	
UACInt 52	22	124	122	124	+16	
UACInt 53	22	124	122	124	+16	
UACInt 54	22	124	122	124	+16	
UACInt 55	22	124	122	124	+16	
UACInt 56	22	124	122	124	+16	
UACInt 57	22	124	122	124	+16	
UACInt 58	22	124	122	124	+16	
UACInt 59	22	124	122	124	+16	
UACInt 60	22	124	122	124	+16	
UACInt 61	22	124	122	124	+16	
UACInt 62	22	124	122	124	+16	
UACInt 63	22	124	122	124	+16	
UACInt 64	22	124	122	124	+16	
UACInt 65	22	124	122	124	+16	
UACInt 66	22	124	122	124	+16	
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UACInt 70	22	124	122	124	+16	
UACInt 71	22	124	122	124	+16	
UACInt 72	22	124	122	124	+16	
UACInt 73	22	124	122	124	+16	
UACInt 74	22	124	122	124	+16	
UACInt 75	22	124	122	124	+16	
UACInt 76	22	124	122	124	+16	
UACInt 77	22	124	122	124	+16	
UACInt 78	22	124	122	124	+16	
UACInt 79	22	124	122	124	+16	
UACInt 80	22	124	122	124	+16	
UACInt 81	22	124	122	124	+16	
UACInt 82	22	124	122	124	+16	
UACInt 83	22	124	122	124	+16	
UACInt 84	22	124	122	124	+16	
UACInt 85	22	124	122	124	+16	
UACInt 86	22	124	122	124	+16	
UACInt 87	22	124	122	124	+16	
UACInt 88	22	124	122	124	+16	
UACInt 89	22	124	122	124	+16	
UACInt 90	22	124	122	124	+16	
UACInt 91	22	124	122	124	+16	
UACInt 92	22	124	122	124	+16	
UACInt 93	22	124	122	124	+16	
UACInt 94	22	124	122	124	+16	
UACInt 95	22	124	122	124	+16	
UACInt 96	22	124	122	124	+16	
UACInt 97	22	124	122	124	+16	
UACInt 98	22	124	122	124	+16	
UACInt 99	22	124	122	124	+16	
UACInt 100	22	124	122	124	+16	
UACInt 101	22	124	122	124	+16	
UACInt 102	22	124	122	124	+16	
UACInt 103	22	124	122	124	+16	
UACInt 104	22	124	122	124	+16	
UACInt 105	22	124	122	124	+16	
UACInt 106	22	124	122	124	+16	
UACInt 107	22	124	122	124	+16	
UACInt 108	22	124	122	124	+16	
UACInt 109	22	124	122	124	+16	
UACInt 110	22	124	122	124	+16	
UACInt 111	22	124	122	124	+16	
UACInt 112	22	124	122	124	+16	
UACInt 113	22	124	122	124	+16	
UACInt 114	22	124	122	124	+16	
UACInt 115	22	124	122	124	+16	
UACInt 116	22	124	122	124	+16	
UACInt 117	22	124	122	124	+16	
UACInt 118	22	124	122	124	+16	
UACInt 119	22	124	122	124	+16	
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UACInt 136	22	124	122	124	+16	
UACInt 137	22	124	122	124	+16	
UACInt 138	22	124	122	124	+16	
UACInt 139	22	124	122	124	+16	
UACInt 140	22	124	122	124	+16	
UACInt 141	22	124	122	124	+16	
UACInt 142	22	124	122	124	+16	
UACInt 143	22	124	122	124	+16	
UACInt 144	22	124	122	124	+16	
UACInt 145	22	124	122	124	+16	
UACInt 146	22	124	122	124	+16	
UACInt 147	22	124	122	124	+16	
UACInt 148	22	124	122	1		

Euromarket

(Continued From Page 7)

dealers conceded that it would take a long time before investors were lured back into this form of investment.

Managers of the 10-million, 10-year issue of Gestetner Holdings Ltd. raised the coupon by a half point to 11 per cent and priced it at par. But even this generous concession did not help, for the issue started trading at a two-point discount and was slightly lower by Friday.

Underwriters of a 15-million, 12-year issue for Whitbread & Co., the U.K. brewery, were expected to take up most of the issue themselves. The offering was priced at par, bearing 10.5 per cent. In the secondary market, a comparable issue of Allied Breweries carrying a coupon of 10.25 per cent was trad-

ing at 95.25 to yield 10.98 per cent at maturity.

In the DM sector, small central banks were said to be eager to purchase a 250-million DM, five-year Norwegian government note which is being offered at par bearing 4.375 per cent. The yield is the lowest so far for five-year paper in this market.

However, other issues were said to be selling slowly. In the secondary market, a 200-million DM, seven-year Mexican government issue was quoted at around 98 after being priced at par bearing a coupon of 6 per cent.

Market Turnover

Week Ended April 7, 1978
(millions of U.S. Dollars)

Cedel	1,128.2	650.6	477.6
Euroci.	2,390.9	1,913.6	477.3

Rumors Refuted About Death of Angolan Leader

LISBON, April 9 (AP)—Persistent rumors that Angolan President Agostinho Neto died after an operation in Moscow were denied yesterday by the Angolan government representative here.

Mr. Neto, 56, was said to have died after the failure of a major operation. Unofficial sources said that he was suffering from cancer.

Dr. Armando Feireira, the diplomatic representative of Angola's ruling Popular Movement for the Liberation of Angola, said in an official statement: "As is known, the President has gone to Moscow for a private visit and is not at this moment in hospital."

A Portuguese Embassy spokesman in Angola told the news agency ANOP that he had "no official knowledge" of Mr. Neto's death.

Moscow Aide in Peking

TOKYO, April 9 (AP)—I.T. Grishin, the leader of a Soviet government trade delegation, arrived in Peking today, the China news agency reported.

Brown Set to Leave On European Visit

WASHINGTON, April 9 (AP)—Defense Secretary Harold Brown will leave Tuesday for official visits to Norway, West Germany and Britain and to attend the regular meeting of the NATO nuclear planning group in Denmark.

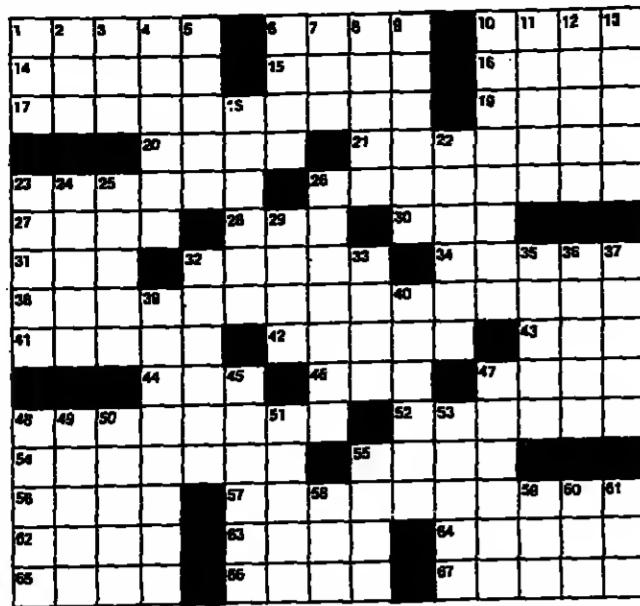
The Pentagon said that Mr. Brown will meet with senior ministers of the four countries, observe exercises and operations of U.S. and allied military forces and attend the planning group meeting April 18 and 19.

Bank Stock Quotations

(Closing Prices
of the week's trading)

Day/Period	Mon	Tue	Wed	Thu	Fri
May 1	291/2	291/2	291/2	291/2	291/2
May 2	291/2	291/2	291/2	291/2	291/2
May 3	291/2	291/2	291/2	291/2	291/2
May 4	291/2	291/2	291/2	291/2	291/2
May 5	291/2	291/2	291/2	291/2	291/2
May 6	291/2	291/2	291/2	291/2	291/2
May 7	291/2	291/2	291/2	291/2	291/2
May 8	291/2	291/2	291/2	291/2	291/2
May 9	291/2	291/2	291/2	291/2	291/2
May 10	291/2	291/2	291/2	291/2	291/2
May 11	291/2	291/2	291/2	291/2	291/2
May 12	291/2	291/2	291/2	291/2	291/2
May 13	291/2	291/2	291/2	291/2	291/2
May 14	291/2	291/2	291/2	291/2	291/2
May 15	291/2	291/2	291/2	291/2	291/2
May 16	291/2	291/2	291/2	291/2	291/2
May 17	291/2	291/2	291/2	291/2	291/2
May 18	291/2	291/2	291/2	291/2	291/2
May 19	291/2	291/2	291/2	291/2	291/2
May 20	291/2	291/2	291/2	291/2	291/2
May 21	291/2	291/2	291/2	291/2	291/2
May 22	291/2	291/2	291/2	291/2	291/2
May 23	291/2	291/2	291/2	291/2	291/2
May 24	291/2	291/2	291/2	291/2	291/2
May 25	291/2	291/2	291/2	291/2	291/2
May 26	291/2	291/2	291/2	291/2	291/2
May 27	291/2	291/2	291/2	291/2	291/2
May 28	291/2	291/2	291/2	291/2	291/2
May 29	291/2	291/2	291/2	291/2	291/2
May 30	291/2	291/2	291/2	291/2	291/2
May 31	291/2	291/2	291/2	291/2	291/2
June 1	291/2	291/2	291/2	291/2	291/2
June 2	291/2	291/2	291/2	291/2	291/2
June 3	291/2	291/2	291/2	291/2	291/2
June 4	291/2	291/2	291/2	291/2	291/2
June 5	291/2	291/2	291/2	291/2	291/2
June 6	291/2	291/2	291/2	291/2	291/2
June 7	291/2	291/2	291/2	291/2	291/2
June 8	291/2	291/2	291/2	291/2	291/2
June 9	291/2	291/2	291/2	291/2	291/2
June 10	291/2	291/2	291/2	291/2	291/2
June 11	291/2	291/2	291/2	291/2	291/2
June 12	291/2	291/2	291/2	291/2	291/2
June 13	291/2	291/2	291/2	291/2	291/2
June 14	291/2	291/2	291/2	291/2	291/2
June 15	291/2	291/2	291/2	291/2	291/2
June 16	291/2	291/2	291/2	291/2	291/2
June 17	291/2	291/2	291/2	291/2	291/2
June 18	291/2	291/2	291/2	291/2	291/2
June 19	291/2	291/2	291/2	291/2	291/2
June 20	291/2	291/2	291/2	291/2	291/2
June 21	291/2	291/2	291/2	291/2	291/2
June 22	291/2	291/2	291/2	291/2	291/2
June 23	291/2	291/2	291/2	291/2	291/2
June 24	291/2	291/2	291/2	291/2	291/2
June 25	291/2	291/2	291/2	291/2	291/2
June 26	291/2	291/2	291/2	291/2	291/2
June 27	291/2	291/2	291/2	291/2	291/2
June 28	291/2	291/2	291/2	291/2	291/2
June 29	291/2	291/2	291/2	291/2	291/2
June 30	291/2	291/2	291/2	291/2	291/2
July 1	291/2	291/2	291/2	291/2	291/2
July 2	291/2	291/2	291/2	291/2	291/2
July 3	291/2	291/2	291/2	291/2	291/2
July 4	291/2	291/2	291/2	291/2	291/2
July 5	291/2	291/2	291/2	291/2	291/2
July 6	291/2	291/2	291/2	291/2	291/2
July 7	291/2	291/2	291/2	291/2	291/2
July 8	291/2	291/2	291/2	291/2	291/2
July 9	291/2	291/2	291/2	291/2	291/2
July 10	291/2	291/2	291/2	291/2	291/2
July 11	291/2	291/2	291/2	291/2	291/2
July 12	291/2	291/2	291/2	291/2	291/2
July 13	291/2	291/2	291/2	291/2	291/2
July 14	291/2	291/2	291/2	291/2	291/2
July 15	291/2	291/2	291/2	291/2	291/2
July 16	291/2	291/2	291/2	291/2	291/2
July 17	291/2	291/2	291/2	291/2	291/2
July 18	291/2	291/2	291/2	291/2	291/2
July 19	291/2	291/2	291/2	291/2	291/2
July 20	291/2	291/2	291/2	291/2	291/2
July 21	291/2	291/2	291/2	291/2	291/2
July 22	291/2	291/2	291/2	291/2	291/2
July 23	291/2	291/2	291/2	291/2	291/2
July 24	291/2	291/2	291/2	291/2	291/2
July 25	291/2	291/2	291/2	291/2	291/2
July 26	291/2	291/2	291/2	291/2	291/2
July 27	291/2	291/2	291/2	291/2	291/2
July 28	291/2	291/2	291/2	291/2	291/2
July 29	291/2	291/2	291/2	291/2	291/2
July 30	291/2	291/2	291/2	291/2	291/2
July 31	291/2	291/2	291/2	291/2	291/2
Aug. 1	291/2	291/2	291/2	291/2	291/2
Aug. 2	291/2	291/2	291/2	291/2	291/2
Aug. 3	29				

CROSSWORD By Eugene T. Maleska



ACROSS

- Walking place
- Boom's opposite
- Cry of contempt
- Like newly brewed coffee
- Range
- Neagle of old films
- Meet and join
- Soritic
- Chemical compound
- Nuthatches, cousins
- Some Gallic noblemen
- Protected; cared for
- Contemporary of Isaiah and Hosea
- Le Gallienne
- Plural ending
- Deserter
- Photocopies, for short
- All —
- Turkish hero
- Hepburn movie in 1968
- Blasé
- Proboscis
- Guidonian note
- Phrase in French cookery
- Kind of tide
- Middleweight champ: 1923-26

DOWN

- In error
- Constellation
- et poivre (Fr. seamings)
- Small stools
- Stand out
- Vociferate
- Scene of the Tell legend
- Heated argument
- Where Gauguin painted: 1891-93
- Hard, dry Italian cheese
- Walking — (elated)
- Relative of "in the bag"
- Washed out
- Cut off one's —
- Commodity exchange area
- Vendors' vehicles
- City ocar Boys Town
- Sacred song
- Setting for some idols
- Heflin and Johnson
- Edges up to
- Haughty person
- Unrelenting
- Traubel
- Sheik's domain in a 1921 song
- Made hazy
- Vacillate
- Ascended
- Receiver
- Hebrew letter
- Be a match for
- Isolated
- Soubise, e.g.
- Key —, Fla.
- Obscene stuff
- "Miniver"
- Participial ending
- Actress Farrow
- Suffix with velvet

PEANUTS



IF THERE'S ANYTHING MY DOGHOUSE DOESN'T NEED, IT'S A HOOD ORNAMENT

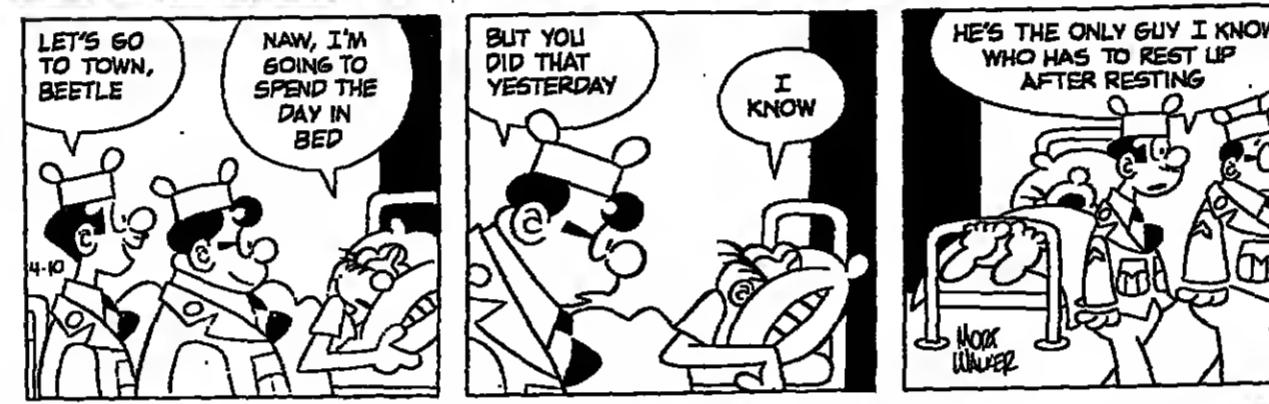
B. C.



BLOONIE



BETTE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN M.D.



RIP KIRBY



JUMBLE.

THAT SCRABLED WORD GAME
by Henri Arnold and Bob Lee

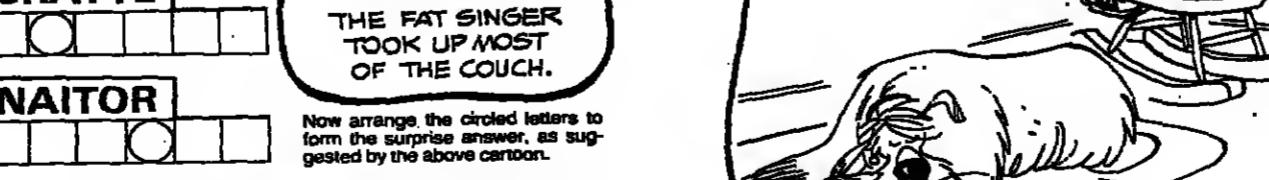
NEVET



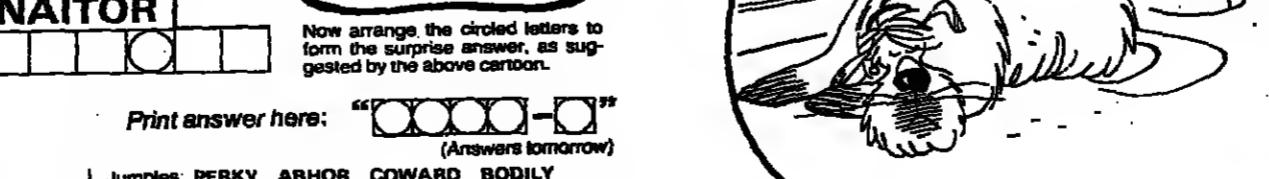
ANGLD



GRATTE



NAITOR



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: **“○○○○□”**

(Answers tomorrow)

Saturday's Jumble: PERKY ABHOR COWARD BODILY

Answer: Sounds like the ghoul's favorite drink—BIER!

"Registered as a newspaper at the Post Office"
"Printed in Great Britain"

BOOKS

FINAL PAYMENTS
By Mary Gordon. Random House, 297 pp. \$8.95.
Reviewed by John Leonard

I SABEL Moore, on the death of her father, looks forward "to walking into the house for the first time" without him: "I thought I could trap myself into some kind of understanding which I could then have preserved, like a photograph at a surprise party that reveals the face of terror and outrage at having been invaded, in the dark, by one's dearest friends."

It is as if Mary Gordon, in this fine first novel, wanted every page to be just such a photograph, a trap of understanding: The prose itself is poetry with flashbulbs.

"The past," says Isabel's friend Liz, "is a bad investment." Isabel, a miser and a spendthrift, does not

universe, your own body blocking the vision of God like an eclipse, like the moon off its proper orbit."

It is pleasure Isabel seeks when her father finally dies: sex and a job and some place else to live outside a one-family house in Queens. She is abandoned by her friends, the dreamy Eleanor and the practical Liz. She finds a job, interviewing old people in foster homes to find out whether they would be happier elsewhere: They are not as greedy as she is; nobody ever loved them enough, or too much. And she finds two men, both married, a bruiser and a sensitive veterinarian.

"The past," says Isabel's friend Liz,

"is a bad investment." Isabel, a miser and a spendthrift, does not

know the individuality of love in a hideous abstraction.

"Final Payments" is too schematic. The men and the job come too easily to Isabel so that she may too conveniently contemplate sex and death. Nor is it necessary that Eleanor give up on sex while Liz turns out to be a lesbian.

And the agency of self-sacrifice Isabel selects—not to mention her rationalization for getting out of it—is improbable and arbitrary, as though the book got tired from thinking so hard.

But no more chastening and exclusion. For the most part, "Final Payments" is a splendid balancing act of the intellect and the emotions on a high-tension wire. Isabel must fall off into guilt, risk all for the purposes of church, Freud, herself and the narrative. After such a father, what forgiveness? Some, it seems. Love is choice, death is cost; these are the economic facts of life.

With the exception of the veterinarian, Mary Gordon's characters are so strong and rounded that one flinches in their presence; even the old people are allowed to be various. She is as good on the Catholic Church versus women as Marina Warner; as good on class and style and modern attitudinizing as Mary McCarthy; and as good on friendship as Jane Austen. That should be enough.

There is, however, more: the electric prose. Orléan is a saint: "I could see the resentment in their eyes, resentment of the kill-joy who is perhaps finally the greatest bully." Or whether love is measured by sacrifice: "wrong... because the minute I gave up something for someone I liked them less." On a Catholic's sense of being an outsider in the United States: "Lavinia said 'damned' like a Protestant, like an American. On beer: "...a perfect drink for John Ryan. Its gold was a male color; no woman's hair ever shone like that. And its structure was right for men, too: clouded on top, then clear to the bottom. For women, it would have to be the opposite arrangement." On sexual technique: "He handled my breast as if he were making a meatball." On the shoes of priests: "edible, looking." A first-class writer declares herself with knowing art.

ANSWER TO PREVIOUS PUZZLE

O	R	E	I	S	A	M	I	O	L	I	E
O	R	E	I	S	A	M	I	O	L	I	E
R	E	T	O	L	I	S	P	E	N	T	E
T	O	A	T	O	I	N	E	T	E	I	E
T	O	A	T	O	I	N	E	T	E	I	E
E	R	M	I	L	E	S	F	E	G	E	S
E	R	M	I	L	E	S	F	E	G	E	S
A	R	M	I	L	E	S	F	E	G	E	S
A	R	M	I	L	E	S	F	E	G	E	S
A	R	M	I	L	E	S	F	E	G	E	S
A	R	M	I	L	E	S	F	E	G	E	S
A	R	M	I	L	E	S	F	E	G	E	S

John Leonard is on the staff of The New York Times.

CHESS

By Robert Byrne

Jan Timman, a 26-year-old Dutch grandmaster, found a complaint to make about his victory over grandmaster Yuri Balashov of the Soviet Union in the sixth round of the Bledjuno International Tournament: "It was clear that I had a slight advantage after the opening, but it wasn't clear how I could play to increase it. Maybe I expected too much too quickly."

Nevertheless, Timman's logical, patient play demonstrated the subtle deficiency of the attacking system Balashov used against the Pirc Defense. And the victory must have been doubly sweet because it constituted revenge for his loss to Balashov in their previous game with the same variation.

The move under scrutiny was Balashov's 6.B-K3. Timman had replied with 6...P-N3?; 8.Q-N5? 8.P-N5? 8.P-N1, P-QB4; 9.P-KR3; N-K3; 10.P-Q5, N-B4; 11.B-B2. But this time Timman reverted to 6...P-B4!, proving it to be the correct counter in the center and strong enough to cast doubt on the playability of a possible Q-Q8ch.

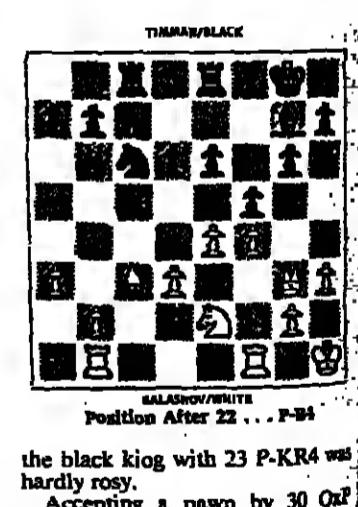
Balashov could not play 7.P-Q5 because of 7...P-QN4; 8.BxNP, NxKP; 9.NxP, Q-R4ch, recovering the piece with a fine game. But even the preferable 7PxP, Q-R4; 8.B-Q3 achieved nothing after 8...N5; 9.Q-Q2, QxP.

Balashov resigned on 44...R-B7, since exchanging rooks would have allowed Timman to advance his passed QP, while a lateral rook move would have given ground to 45.R-B7.

Timman rightly considered one of his best performances of the tournament.

The real value of Timman's defense showed up after his 22...P-B4: Balashov's knight stood in a purely defensive position at K2. White's attacking chances on the kingside were worse than negligible; it was a nuisance to be up the white QR in defense of the white QNP, but such a move as P-QN4 could have been answered by infiltrating with ...N-Q4 and ...Q-R5; in the long run, Black would have threatened to penetrate with the rook on the open QB file.

Accordingly it is not surprising that Balashov had little confidence in passive defense by 23.KR-B1, yet the outlook for his obtaining significant counterthreats against



the black king with 23.P-KR4 was hardly rosy.

Accepting a pawn by 30.Qd7 would have yielded Timman 30...R-N2; 31.Q-R5, R-B7. Before picking up the loose pawns on the queenside, Timman took the precautions of playing without having to worry about a possible Q-Q8ch.

Although Black was thus proceeding carefully and painstakingly, Balashov could either obtain any real attack or guard his weaknesses. The first booby fell to Timman 34...QxP and another pawn came tumbling after 35.QxP.

Balashov resigned on 44...R-B7, since exchanging rooks would have allowed Timman to advance his passed QP, while a lateral rook move would have given ground to 45.R-B7.

Timman rightly considered one of his best performances of the tournament.

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Black
Balashov
Tinman
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Observer

Saturday Program

By Russell Baker

NEW YORK—Things to do on Saturday in New York:

- Put on five suits of clothes and walk crosstown, talking out loud to yourself in Esperanto.
- Put on a pair of brushed-suede trousers and get a \$35 haircut.
- Burn down a building in the Bronx.

- Get together with two women on 12th Street and argue about who has the best Cuisinart.
- Get rained on for 20 minutes while waiting for a bus on York Avenue.

- Diet until you look like you're made of sticks. Then put on an elegant fur coat and find a girl in an elegant fur coat who also looks like she is made of sticks. Go together to a pet shop and buy a dog that looks like it is made of sticks and then all three of you take a walk in the East 60s.

- Wait for the telephone to ring and then don't answer it. Afterward, hide under the bed until your neighborhood burglar arrives for your television set. Introduce yourself.

- Buy some antiques and frozen baseballs.

- Argue with your wife, husband or lover about whose turn it is to go outside to find out whether the sun is shining.

- Get together with several people from the upper West Side and display the keenness of your sensibility by deplored the banality of Italian opera, contemporary architecture and The New York Review of Books.

- Get stuck for two hours in an elevator with somebody holding advanced views on calendar reform.

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A Special Report

Published with The New York Times and The Washington Post

PARIS, APRIL, 1978

Area Development in Europe

Strong Need to Confront Troubled Rural and Urban Regions

New Industry, Housing Out of Old London Docks

By Arturo F. Gonzalez Jr.

LONDON (IHT)—"To a way, we're finishing the job that Hitler started," says Alex Williamson, chairman of London's Dockland Joint Committee, which represents the people living in what he calls "the biggest urban development scheme ever attempted."

Standing on Tower Bridge spanning the Thames, he points downstream to the welter of dilapidated warehouses, tiny rundown factories and half-empty dockyards which line both sides of the river as it squiggles its way eastward to the English Channel.

"During the war, Goering's Luftwaffe hit this area harder than any other part of Britain," Mr. Williamson said. "He turned it into the biggest conflagration since London proper burned down in 1666. And the port never really bounced back after the war."

"With the building of London's new deep-water and modernized container port at Tilbury, and ship tonnages getting steadily larger, the shallow upper Thames became less and less viable as a harbor. So instead, we're taking eight and one-half square miles of port in the middle of the city to re-do it as a new, improved industrial community with decent housing and profitable factories coexisting in an area rebuilt on the rubble left by the Nazi bombers. It could be a little like the way Christopher Wren rebuilt London after the Great Fire."

(Continued on Page 2)

People Involved

The Dockland's strategic plan is largely the brain child of Nigel Beard of the Greater London Council, the metropolitan area's administrative body. More than five years ago, Mr. Beard began dreaming about revitalizing London's rundown, half-abandoned East End. Five traditionally jealous boroughs had to be sold on working together in a joint project. Master plans had to be created, redrawn, then sold to the public and the politicians. By 1976, the last blueprint was approved.

"Keeping the people informed and enthusiastic is one of our biggest tasks," admits Brian Buckle, the committee's assistant director. "We had three months of meetings to get the views of the local citizens on record. They're

By Vanya Walker-Leigh

PARIS (IHT)—France's regional development policy has wrought major changes throughout the country over the last 20 years. Under the combined pressures of the changed economic environment and increasing demands for regional power, the policy now seems to be headed for a period of critical reassessment and review.

This is expected to culminate at the national conference convened by President Giscard d'Estaing for the autumn.

"The key success of French regional policy has been the location of virtually the bulk of all new industrial capacity outside



Officials look over sewer project at London's Surrey Docks.

FRANCE: No Longer Do All Roads Lead to Paris

The French telephone system has recently ceased to be a sick joke, linking almost every locality with the international automatic dialing system.

DATAR was established in 1963 and is billed as an "interministerial mission" whose 40-person staff has functioned with varying autonomy as an offshoot of the Premier's office. It is part think tank, part red tape cutter, part investment promotion agency, according to Mr. Essig. DATAR's pragmatic approach has ruffled plenty of feathers in France's highly bureaucratic and

centralized administration and annoyed companies and banks by its urging to relocate out of Paris.

DATAR itself has come under fire from provincial notables for being too "technocratic, Parisian and colonialist" in its outlook.

DATAR's five local commissioners (representing the West Atlantic, North Pas de Calais, Lorraine, St. Etienne, Mining

Basin, and Massif Central) are equally controversial—since though civil servants also head up local industrialists' development associations. The commissioners in turn chafe at too much central control from the Paris office.

Not even DATAR officials agree with all its industrial policy, but the delegation is generally credited with having played a

key role in sponsoring a revolution in France's previously inadequate and excessively Paris-oriented infrastructure. France now has the most elaborate domestic air network in Europe. Daily flights link 100 provincial towns with Paris and 50 with cities abroad, while flights between provincial centers increase year by year.

Connections

Rail and road connections have improved beyond belief since the time when it was faster to go almost anywhere via Paris.

The latest autoroute program (doubling the network from 2,487 to 4,698 miles between 1977 and 1983) is mainly based on open

(Continued on Page 6)

(Continued on Page 8)

Finnish Town Is Built on Laboratory Scale

Nature and Man Are No Longer Forced to Give Way to Technology

last time that nature and man were forced to give way to technology in Tapiola.

The Tapiola Housing Foundation chose as the site for its first project a rural commune that offered planning freedom without the obstacles of metropolitan bureaucracy, prejudice and conservatism.

The Tapiola vision should not be seen as an isolated town-planning project in the days when Western Europe was beginning to recover from World War II. An important factor was the acute housing shortage in Finland just a few years after the war had left 400,000 displaced Finns in need of resettlement.

Flexibility

To get started in the 1950s an organization was needed that had the flexibility of a private enterprise and the influence of a public authority. In September, 1951, six organizations representing trade unions, children's welfare groups, civil servants, tenants, disabled civilians and servicemen were coordinated into

apartment houses or detached homes. Hot water for heating and washing flows directly from the nearby power plant to almost every building in the town. The center has virtually no locally generated pollution.

The idea behind Tapiola is that of a town built on what the information officer of the housing foundation, Uolevi Ikonen, calls "a laboratory scale." There are three neighborhoods, each linked by a promenade to the commercial center, which includes a medical center, swimming pool and sports facilities, churches and a luxury hotel as well as the full range of commercial and cultural facilities and schools.

The first building land was bought in 1951. From then until 1956, when the income from site sales began to come into balance with the original outlay, construction work was paid for by short-term loans. Throughout its 27 years, the growth of Tapiola has been principally financed by sales of housing sites so that today almost 90 percent of dwellings are owner-occupied.

The housing foundation took responsibility for all public utilities, including a power plant. Heating and hot water are now supplied to practically every household by means of the district heating system—a solution that obviates the need for individual heating systems in either

(Continued on Page 4)



Trees abound in Tapiola's office and commercial center.

EEC Looks to Joint Fund To Solve Regional Issues

By Michael Chesney

BRUSSELS (IHT)—Since the birth of the European Economic Community 26 years ago the need has been strong to help its less-advantaged areas. But only recently has the community developed a joint tool with which to tackle its regional issues. It is called the European Regional Development Fund.

The basic problems have revolved around urban and rural development: remote farming regions with their aging and ebbing populations; areas in which traditional industries are in decline, leaving unemployment and environmental squalor; and congested cities, their centers in decay.

In the first three years of the fund's operation, up to the end of 1977, \$1.6 billion was distributed for projects ranging from irrigation systems in southern Italy to bogland farming in Ireland.

Economic crisis has blunted the effectiveness of the aid, however. Divergence among the regions is increasing, yet narrowing. In the past few years the income gap between the well-off and worst-off areas has increased from a 5-to-1 to a 6-to-1 ratio. The rich are indeed getting richer and the poor, poorer.

The countries with the worst regional problems—Italy, Britain and Ireland—are also those with the most severe general problems. Southern Italy, Ireland, Northern Ireland, Greenland and the French Overseas Departments—hardly the usual picture of the community of nine—received 55 percent of all ERDF assistance, although with 26 million inhabitants, they have less than 10 percent of the community's population.

Global Policy

Every member country gets a slice of the ERDF pie—even Luxembourg, which received 0.1 percent. Many EEC officials would like to see a more imaginative regional policy, one which would enable them to solve problems on a global basis without respect to national frontiers. This is clearly impossible without economic and monetary union, which Roy Jenkins, the president of the EEC Commission, is stressing. His idea has not found an enthusiastic reception.

A global policy is impossible as long as ERDF is distributed according to national quotas. The national governments say where the aid should go, and the fund is added to amounts which the government makes available. Essentially, this enables each country to do a bit more of what it would be doing anyway. And since every country has a different regional policy, fragmentation results.

The fund makes grants to two main types of investment projects:

• To finance expansion to the

(Continued on Page 8)

A Special Report

In Great Britain, Creating New Towns Is Becoming Old Hat

By Raymond Palmer

LONDON (IHT)—The main thrust of area development in Britain has switched from the creation and buildup of new towns back to the decaying inner city areas which desperately need the kiss of life.

Eight of the new towns which have already been created are expected to reach their population targets in the early 1980s. These new towns, among them Harlow, Runcorn, and Stevenage, will then be transferred from the control of the Development Corporations which brought them into being, to the Commission for the New Towns. Their housing will be transferred to the control of local authorities for the area.

The change of emphasis is also indicated by the fact that new, lower targets have been set for the Central Lancs new town and the decision not to proceed with Stonehouse new town in Scotland. The skills and technical capabilities thus released in the East Kilbride and Stonehouse Development Corporation were switched to assist with the urban renewal project in Glasgow's East End.

The Glasgow Eastern Area Renewal project is the first major urban renewal initiative to be launched in Britain. It aims at the comprehensive regeneration of a large part of Glasgow. A total of \$228 million is being spent on rebuilding a 350-acre area containing some of the worst slums, tenements and run-down areas of any European city. Some 70,000 people live in the area in crowded, crumbling buildings, often lacking such basic amenities as running hot water and bathrooms, and often sharing toilet facilities.

Model Project

The GEAR project has aroused intense interest in Britain where it is something of a pacesetter for other urban renewal projects, and in Europe. The European Economic Community's regional development organization in Brussels regards this part of Scotland with its population of 850,000 as

Twentieth century civilization has been based on cities . . . They serve and sustain the whole region around them in cultural, social and economic terms. If cities fail, so... does our society.'

the most deprived in Europe and is helping to defray part of the costs of the scheme. It believes the GEAR project could provide a model for urban renewal projects in the nine member countries of the EEC.

The project recognizes the need not only for new housing and infrastructure to replace the existing gaunt tenement blocks and slum properties, but also to provide for the social, employment and other needs of the people in the area. So good new housing will be accompanied by proper recreation, social and educational facilities.

Among schemes already underway as part of the project are the improvement of 92 sites which together cover over 100 acres. These range from turning derelict sites into kick-about play areas for youngsters to opening up riverside approaches and walkways and clearing unused sites for general amenity areas.

A survey was carried out into the demand for and the shortage of indoor recreational facilities in the East End and plans have now been completed for a major indoor sports complex. This will contain provisions for such activities as indoor football, badminton, athletics, judo, squash, boxing, drama, indoor bowling and country dancing.

Construction work on the housing program was started by the Scottish Special Housing Association last June. The first phase was the construction of 110 houses at Fairbairn Street. Work has also begun on the rehabilitation and modernization of properties which can be brought up to acceptable standards.

A pollution study carried out in the area as one of the moves to improve the environment concluded that the largest single contribution to alleviate pollution would be a domestic smoke control order which would ban the use of smoke-making types of coal for domestic heating.

Construction has also started on Scottish Development Agency

While the Glasgow project was

simply done by the government refusing to further increase their designated limits.

Other money to finance inner city renewal is coming from the rate support grant which central government pays to local authorities to subsidize local property taxes. Two of three criteria considered in fixing the amount of rate support granted are biased in favor of inner city areas. The first of these is the needs element which is based on such factors as an area's unemployment and immigrant problems and the percentage of its population made up of dependent groups such as

the young and elderly. The second criteria is the resources element: Those areas with more desirable properties and large industries with high rateable taxes do not get as much assistance as those areas which are short on resources to help themselves.

As a result of the switch in resources Mr. Shore announced that urban aid, used to finance 75 percent of the cost of approved inner-city projects, would be increased from its 1977 level of around \$57 million for England and Wales to \$237.5 million annually 1979-80. It might be further increased as part of a continuing commitment over the next decade. The government also announced increased construction programs totaling \$950 million.

This is the amount it will allow local authorities to borrow from various sources to finance construction of such projects as roads, schools, hospitals.

Government assistance is also available to local authorities under the housing investment program to assist in constructing new housing and modernizing and renovating existing properties.

The government Inner Urban Areas bill, published last December and now going through Parliament, will give increased powers to local authorities to assist industry so as to provide the economic base to regenerate inner city areas. Fifteen local authorities have already been selected to become "designated districts" under the bill. They are Bolton, Bradford, Hull, Leeds, Leicester, Middlesbrough, North and South Tyneside, Nottingham, Oldham, Sheffield, Sunderland, Wirral, Wolverhampton and Hammersmith (London).

These seven "partnership areas" are Liverpool, Birmingham, Manchester/Salford, Newcastle/Gateshead, and in London, Islington/Hackney, Lambeth, and the docklands boroughs.

For the hardest hit areas, the government is entering what it calls "partnership" arrangements. The seven "partnership areas" will, in addition to the powers granted to "designated districts," be able to give grants towards rents to assist firms leasing private properties and to make loans, interest free up to two years, to assist in bringing inner city sites back into use.

Throughout East London, the grinding of bulldozer engines signal that Dockland's planners are finishing off the flattening job that Hitler started. Rebuilding is not far behind. Networks of new roads are either under construction or on blueprints. Ten thousand homes are targeted to be built in the next five years, all no higher than three stories, with gardens and yards.

Throughout East London, the grinding of bulldozer engines signal that Dockland's planners are finishing off the flattening job that Hitler started. Rebuilding is not far behind. Networks of new roads are either under construction or on blueprints. Ten thousand homes are targeted to be built in the next five years, all no higher than three stories, with gardens and yards.

For 1978-79, Britain's government has earmarked \$33.3 million for such infrastructure projects in the area as new roads and factories, a sports hall in Wapping and a psychiatric clinic in Spalding. Grants of up to 75 percent of the construction cost come out of government funds, with a further \$88 million pledged to Dockland projects between 1979 and 1982.

Industry, Housing Out of London Docks

(Continued from Page 1)
what Dockland offers has involved the creation of a \$490,000 international marketing campaign. Sales teams have fanned out to Japan, France and the Netherlands.

But there is little or no marketing in Great Britain. "For years it has been [British government] policy to get new industry out of London and into some of Britain's other areas," Mr. Williamson explains. "That's where EEC financing is directed; we get hardly any EEC funds. It's presumed that London already has an unfair advantage over the rest of Britain as a factory site which we would be wrong to promote internally. So, for instance, we've even abandoned our plans to poster London with ads talking up the Dockland scheme."

Crucial decisions still have to be made on allied projects if the early enthusiasm for Dockland is

The proposed \$340-million Jubilee Underground line is vital. (The subway route is named after the 25th anniversary of Queen Elizabeth's coronation, which was celebrated last year.) The national government has not yet promised that it will pay for the Underground extension, but the Greater London Council seems to feel the funds will come and has invested \$4.9 million in the project out of this year's budget. The line is expected to be completed by 1986.

The proposed London International Trade Mart on the South Bank in the Surrey Dock area is also crucial. The American firm, Trammell Crow, originally indicated it was willing to put up \$540 million for this 6-million-square-foot project, which was to employ 12,000 in a complex of three hotels, stores, warehouses and display rooms for clothing, furniture, giftware and hardware. But when bank lending rates soared, the plan was postponed.

Renegotiations are now under way and it is expected that an announcement will be made shortly that the project is moving forward.

Elsewhere in Dockland, bulldozers are filling in 330 hectares of the Beckton Marshes, with \$20.2 million being spent in converting wastelands into potential home and factory sites.

Across the Thames, a flood barrier is well on the way to completion. Along with a stretch of high walls downstream, it will end the constant threat of the river overflowing. This will open up hundreds of acres of London land for potential development, mainly regions which until now had been too close to the water-line to be used safely.

A 65-acre industrial site at Beckton is about to open. Privately financed, most of its 100,000 square feet have been leased to companies eager to enter to the area.

All told, the planning authori-

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CONSEJO ESPANA S.A. (Subsidiary)

SWITZERLAND

BANQUE NATIONALE DE PARIS (Representative Office)

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A Special Report

West Germany: Projects Affect Almost Third of Population

By Darrell Delamaide

BONN (IHT)—Area development in West Germany differs from that of other European countries in two important ways, both results of World War II.

The Federal Republic's constitution deliberately decentralized government power and gave the individual states (*Laender*) wide-ranging autonomy. State representatives have an important voice in determining overall priorities in German regional development, and government aid is administered at state level. The other side of the coin is that state (and to a certain extent, local) governments provide about half the financing.

The second distinction results from the division of Germany into two countries. The border between the two Germanies marks not only the outer reaches of the European Economic Community but also of Western Europe. This makes the zone border less attractive for industry, and the area has been a major target of government development funds.

All in all, though, area development in Germany seems less urgent than in other European countries. The catchwords in Bonn are structural policy—a term for coping with the dislocation of new technologies, industrial adjustments and the shifting nature of the work force. The government's energies are concentrated on identifying jeopardized occupations and industries. Funds are being channeled into programs for retraining and relocating workers.

Future emphasis will be in providing new jobs for those put out of work in industries like steel, textiles and shipbuilding. While these shifts obviously hit some areas harder than others, government aid in these cases is not area development per se.

State Action

This doesn't hinder the states themselves, through government agencies or chambers of industry and commerce, from promoting the state and luring new investment. Economically healthy states like Baden-Wurttemberg and Hesse actively seek new investment, as does Bavaria which has some of the nation's richest and poorest sections within its boundaries.

Preliminary figures compiled by the Dresdner Bank show that 1977 per capita gross national product (GNP) in West Germany was DM 18,300 (about \$39,150). Excepting the city-states (Hamburg, Bremen and West Berlin), Baden-Wurttemberg registered the highest per capita GNP with DM 20,400, closely followed by Hesse with 20,200 (\$10,200 and

\$10,100). North Rhine-Westphalia (NRW), which embraces the powerful Ruhr area and accounts for 28 percent of the country's income, registered 19,500 (\$39,750). Bavaria, the largest state in the area, posted 18,600 (\$39,300), just above the average.

The northern states Schleswig-Holstein and Lower Saxony shared the bottom rung with 16,100 (\$8,050) and 16,200 (\$8,100). The Western border states Saarland and Rhineland Palatinate showed 17,500 (\$38,750) and 17,400 (\$8,700).

Hamburg and Bremen, which are *Laender* in their own right, evidence a high concentration of population and industry and show per capita GNP of DM 31,500 (\$15,750) and 27,200 (\$13,600). West Berlin, a special case, posted DM 22,600 (\$11,300).

The buying-power index compiled by the Nuremberg Society for Consumer Research shows a slightly different picture. Baden-Wurttemberg shows the highest buying power (excepting again the city-states) with an index of 106.6 (100 national average). Lowest, however, is not Schleswig-Holstein (94.1) but Saarland with 81.2. The other states are: Hesse, 103.8; NRW, 100.5; Bavaria, 94.6; Rhineland Palatinate, 92.9; and Lower Saxony, 87.5. The city-states: Hamburg, 139.4; Bremen, 120.3 and West Berlin, 118.9.

Support Area

The area designated for government aid covers almost 60 percent of West German territory. It's not surprising that the greater portion of this area lies in the stronger economic states—Baden-Wurttemberg, NRW, Hesse and central to southern Bavaria. The support area, divided into 21 action programs, embraces more than 20 million people, just under one-third of the total population.

The main vehicle for government aid is the joint project (*Gemeinschaftsaufgabe*) under the 1969 law for "Improvement of the Regional Economic Structure." A planning committee made up of 11 representatives from the federal government, including economics and finance ministers, and the 11 economic ministers from the states and West Berlin determine the aid area and the points of concentration within the area. There are about 325 crucial points.

Planning committee decisions require a majority of 17 affirmative votes, which means that the federal government and a majority of the state governments must approve the general priorities. The aid is administered by the state government, which has been sponsorship of inns and

proves the projects to receive the support.

Regional development's goals are creation and maintenance of jobs, increasing private and corporate income levels in weak areas and improvement of infrastructure and general living conditions in the support areas.

The primary method is investment incentives, designed to encourage industry to move into these regions or to expand existing capacity. Incentives include an investment premium up to 7.5 percent and direct investment subsidies bringing overall aid up to 20 percent of investment volume, or, in the case of zone-border aid, up to 25 percent.

Shift

Emphasis on aid for industrial development reflected the shift in the weaker areas from agrarian occupations to industrial. Industrial development after the war was fairly homogeneous. Germany was industrialized relatively late, and postwar rebuilding allowed a more even development than in other big European countries.

The arbitrary drawing of boundaries after the war, however, played havoc with established infrastructure and explains the stress on development in the zone-border area. Industry along the northern part of the East German border was oriented toward Berlin and that in the central toward Saxony. Now, the northern industry has been shifted toward the Rhine-Ruhr area, and the more southerly has been grouped around Nuremberg.

An example of successful development in the zone-border region is the Wolfsburg-Salzgitter axis. Wolfsburg is the home of Volkswagen, and the government has been anxious to draw more industry to the region. In the period 1972-1975, the city of Salzgitter received DM 1.9 billion (then worth about \$655 million) in commercial investments subsidized by the government. Braunschweig and Peine received DM 686 million (\$235 million) and DM 514 million (\$175 million). Altogether, Action Program 6 posted DM 4.9 billion (\$1.65 billion) in new commercial investment in that period.

A zone-border area that has been more resistant to aid is the Bavarian Woods, the large forest area running along the border in northeastern Bavaria. The landscape itself is not congenial to industry. Action programs in North Bavaria and East Bavaria put DM 4.3 billion (\$1.5 billion) and 3.2 billion (\$1.1 billion) into new commercial investments in 1972-75. A heavy emphasis here has been sponsorship of inns and

recreational centers to promote tourism in the region.

Tourism is also stressed in two difficult northern regions not in the zone-border area, Western Schleswig-Holstein, bordering on the North Sea, and East Friesland, a part of Lower Saxony also on the North Sea. Both areas suffer industrially by being cut off from the Kiel-Hamburg-Bremen axis. Even tourism is difficult to support because the season in these northern areas is relatively brief.

Another region which has been the site of intensive aid, on the Western border rather than the Eastern, is Saarland. Surprisingly,

government officials consider regional development here quite promising regional development. It is successful—but the success has

been overshadowed by the steel crisis, which has hit the Saar foundries particularly hard.

In 1972-75, DM 3.9 billion (\$1.3 billion) in new commercial investments were subsidized in the tiny state. The restructuring in the Saar steel industry through its consolidation in the Luxembourg firm, Arbed, is expected to trim at least 8,000-9,000 jobs. Bonn is setting up a special DM 200-million (\$100-million) program to help retrain these workers and create new jobs. In addition, the government is providing credits and guarantees for the restructuring itself.

Joint project aid is just the core of government measures promoting regional development. It is successful—but the success has

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In 1977, for example, the regional development budget called for DM 388 million (now worth \$295 million) in direct subsidies. A further DM 666 million (\$333 million) in lost taxes was budgeted for the investment premium. This basic investment subsidy of

DM 1.2 billion (\$600 million in current dollars) is foreseen for each year in the planning period.

This was supplemented in 1977 by DM 40 million (\$20 million) in the special VW program, and another DM 40 million in funds from the infrastructure investment program designed for regional development projects. Under the second program, DM 500 million (\$250 million) is to be made available in the 1977-80 period. Also in 1977, DM 365 million (now worth \$132 million) was forthcoming from the ERP funds for low-interest commercial loans, available to firms in support areas as well as others.

In 1977, for example, the regional development budget called for DM 388 million (now worth \$295 million) in direct subsidies. A further DM 666 million (\$333 million) in lost taxes was budgeted for the investment premium. This basic investment subsidy of

million to \$1 billion) annually. In addition, the government's highway and housing policy also takes account of regional development.

But government officials in Bonn caution that a change in national economic development will sharply reduce the effectiveness of regional aid programs. Overall economic growth is likely to be much slower. The share of industry in GNP will increase, but this will represent increased productivity through new technologies and not more jobs. Those areas that are still under-industrialized—like the Bavarian Woods or East Friesland—are likely to remain so. Nor do these areas attract major service industries, which tend to locate in high-population centers.



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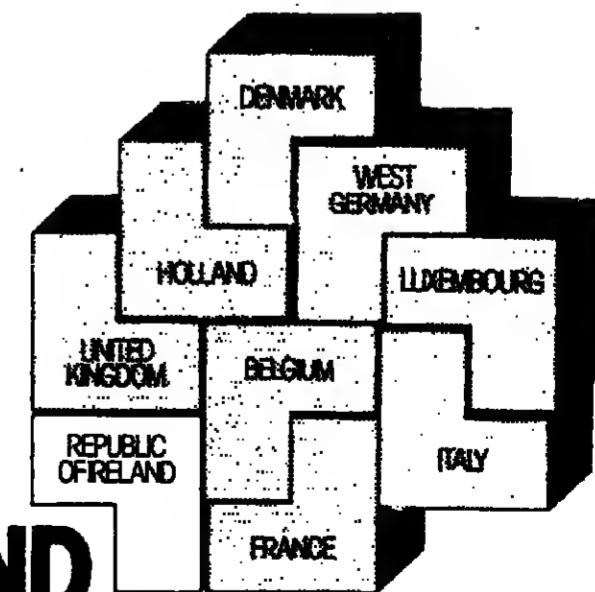
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*Survey of Current Business—U.S. Dept. of Commerce.

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nationally-known companies to support the city's efforts to secure old jobs and create new ones. In Berlin, Germany's largest industrial city, middle-sized companies recently established operate just as successfully as important international firms. For information about investment incentive programmes and additional possibilities in Berlin, contact: Info 57/78, Presse- und Informationsamt des Landes Berlin, Rathaus Schöneberg, 1000 Berlin 62.

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A Special Report

Italy: Political Stakes of Regionalization Are High

By Christine Lord

ROME (IHT)—The place was the Italian capital. The meeting was among a small "inside" group of politicians. The issue was whether the functions of the employment office, a powerful centralized machine through which the Christian Democrats extend their influence throughout Italy, would be turned over to the regions as part of their job of administering local economic matters.

The Christian Democrat, with a significant look around at his colleagues from other parties, said confidentially to them: "Look, we know we will have to give up some of our powers. But that one—really, that's a bit too much to expect."

The Stakes

The political stakes in regionalization in Italy are far greater than the mere shift of power away from the central government where it has remained for so long. Local elections in recent years have conferred increasing power on the left-wing parties, and by now the majority of Italian cities and towns are under administrations that are Communist, Socialist, or mixed. Because of this, the implementation of regional administrations will, in a very real way, mean a shift of power from the hands of the Christian Democrats, who still dominate the central government, into the hands of the left-wing parties.

Questions

The Italian Constitution itself provides for decentralization of some powers to the regions. Matters of territorial development (including urban affairs), social services, and the local economy are clearly declared under regional jurisdiction. The central government is made responsible for areas affecting the entire nation such as foreign and monetary

policy, the armed forces, and education.

Local elections in recent years have conferred increasing power on the left-wing parties, and by now the majority of Italian cities and towns are under administrations that are Communist, Socialist, or mixed.

But beyond these general outlines the constitution leaves a number of questions wide open to interpretation and debate. For instance: Does the management of urban matters refer simply to housing and transport, or more broadly to all environmental planning? Does the regional jurisdiction over agriculture and forestry extend to commerce of agricultural goods, to the water supply, and to ecological matters in general?

Rightful Clout

Debate over such fine points has been a reason for much of the delay in bringing decentralization about, at least because the central government has frequently interpreted the constitution in the most restrictive way possible. The result has been a fragmented implementation of regional powers that has deprived those administrations of much of their rightful clout.

Five of Italy's 20 regions have already enjoyed a considerable amount of autonomy since the postwar period. Those are the regions which, by virtue of their ethnic or geographical characteristics, were granted a so-called "special statute" that could take into account their particular needs and which in many areas rendered them largely independent of central government control.

Special

The regions under a special statute are Val d'Aosta, Trentino-Alto Adige (or South Tyrol), and Friuli-Venezia Giulia, which have sizable French, German and Slovene-speaking minorities respectively, and the islands of Sicily and Sardinia.

Implementation of the remaining 15 regions as administrative entities has proceeded more slowly. Centrist Christian Democrats' efforts to consolidate their power base in the immediate postwar period have resulted in a highly-centralized government apparatus and a vertical system of administration—hardly conducive, or congenial, to the decentralization that regional government implies.

Alongside this vertical power structure has grown a plethora of semi-governmental organizations

Under such circumstances, it is little wonder that regional development, which would distribute powers and resources throughout the country, has been a long time getting off the ground.

The first concrete moves toward implementing regional administrations were not made until the 1960s. This was largely due to the shift in the political scene toward the left and the general disillusionment of Italians with the inefficiencies and shortcomings of the Christian

right.

Alongside this vertical power structure has grown a plethora of semi-governmental organizations

The extent of the list created

such an outcry from various interest groups that it was revised to 62–12 agencies fewer. In this way, the continued existence of such organizations as the National Rice Agency, the National Agency for Assistance to Children of Border Regions, and the National Union for the Propagation of Equine Species is assured at least in the near future.

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The survey found that only

four of the 144 families questioned wanted to leave. One family wanted to go back to the city. Another family head had to travel too far to work. A third family did not like living in a multi-story building. In the fourth case, the mother had a problem carrying small children in a building without an elevator.

Purpose

The laboratory-scale philosophy has meant that Tapiola's planners have kept their sense of purpose. There is no intention that the town will grow beyond the population originally planned, although in fact there is another fully integrated new town developing out far away at Kivenlahti, on the shores of the Baltic. "Tapiola has avoided the mistake of first setting goals and then changing them," Mr. Ikonen points out.

The architectural integrity of Tapiola is maintained by juxtaposing medium-rise and low-rise buildings, providing single-family dwellings and row houses with the facilities and services of multi-story buildings.

Community spirit appears to be high. Tapiola is still a first-generation community in a country where two decades ago almost

half of the people were rural homesteaders.

In 1975, Tapiola was awarded a prize by the French Institute de la Vie—not solely for its architectural excellence but also for its success in developing into an integrated community in which 96 percent of the residents polled in a University of Helsinki survey said that they liked living there.

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small children in a building without an elevator.

Bearings

When a visitor first visits

Tapiola, he may have difficulty in

getting his bearings. But what

may be a problem to a visitor is

an asset for the residents. The

large tracts of woodland, mainly

pine and birch, have not been

bulldozed. The town has largely

succeeded in providing the sylvan

surroundings that appeal so much

to the people of this forested

country.

Democratic administration.

Nearly a decade has passed since 1968 when a law was passed providing for the election of regional councils, or parliaments. In 1975, an earlier provision delegating the government to decide which matters should pass from central to regional jurisdiction was renewed and made more specific. It required that the government hear both the regions and a special parliamentary committee for regional affairs before making any final decision on the extent of regional powers.

Deadlines Fixed

After years of political wrangles and slowdowns, the effects of the regional law began to show some results only last summer when clear-cut deadlines for the implementation of regional administrations were fixed. This was part of an overall program drawn up by the six major parties in July. Implementation is to be staggered over the next three years according to sector.

their very inability to intervene.

The danger, of course, is that the regions may become merely a fourth bureaucracy—after central government, provinces, and cities or towns. But ideally—and this is the vision of the proponents of regionalism—they should serve as flexible coordinating bodies that would enable local governments to make full use of their own autonomy in planning and legislative matters. There have been some recent encouraging signs in that direction: A tendency by the regions to delegate more powers to local administrative bodies; The formation of associations of cities and towns in horizontal rather than a hierarchical organization.

Financing Unresolved

Regional financing is still an unresolved issue. The state is to assure the regions of financial means both by ceding to regional administrations some taxes that are now the prerogative of the central government (principally the road circulation tax on motor vehicles), and by earmarking a percentage of national revenues to the regions—chiefly from gasoline and tobacco, which is a government monopoly.

Income should also be forthcoming from a fund for regional development; but central government administrators are predictably reluctant to release the financial levers they still control.

The Common Market also contributes from its fund for regional development; Italy has traditionally been one of the prime beneficiaries. Paradoxically, the country has at times failed to take advantage of available funds because of bureaucratic inefficiency and poor organization. The EEC announced in February that it had earmarked 1,000 billion lire (approximately \$1.2 billion) for the Italian regions, mainly the country's poor south.

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A Special Report

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More and more the political and economic partners in Lyon are working hand in hand. They look forward to welcoming you and helping you to do business profitably under the best conditions. Living in Lyon is pleasant

Ireland: Attracting New Industry to the 'Auld Sod'

DUBLIN (IHT) — Ireland's Industrial Development Authority is moving this largely agricultural country into the 20th century. Founded in the 1950s, the IDA now employs more than 500 experts in 24 offices, 14 of them overseas. Their job: To attract new industry to the "auld Sod" and to make sure the new firms profitably employ Irish workers once they arrive and set up shop.

"The IDA's success is the envy of most European countries," admits a British industrialist.

More than 700 companies have come into Ireland under IDA auspices since 1960. The fixed assets of these newcomers now total almost \$1.2 billion.

Foreign manufacturers are attracted to Ireland because, while it is inside the tariff wall of the European Economic Community, land costs and wages are far below those on the Continent. It's the least densely populated EEC country — with plenty of green fields in which to put up new plants.

Emigrants Return

"The chief inducement the IDA offers," explains Hugh Alison, who heads IDA activity in Britain, "is a tax exemption on all profits from exports until 1990.

Firms can either reinvest these profits or take them out of the country. A firm may also write off up to 120 percent of the cost of new plant and machinery in its first year of operation.

"We've done cost comparisons, and Ireland now offers a return on investment that's three times as good as what is available in other European locations. Payback of investment in Ireland comes twice as quickly as elsewhere. And these aren't just our figures. The statistics of the U.S. Department of Commerce show that the return on investment clocked by U.S. affiliates in Ireland is far in excess of what U.S. firms do elsewhere in Europe."

Terry Brown, the IDA man in Paris, points out that the IDA offers direct capital grants to IDA

approved projects. "We arrange grants towards the cost of fixed assets," he explains, "including site development." The size of the grant "depends on how badly Ireland needs your particular industry and how many jobs you're going to provide in what region of Ireland that may badly need employment," Mr. Brown says. "In the largely undeveloped western part of the country, grant levels can go up to 50 percent of fixed investment. Elsewhere, the limit is 35 percent."

Impressed

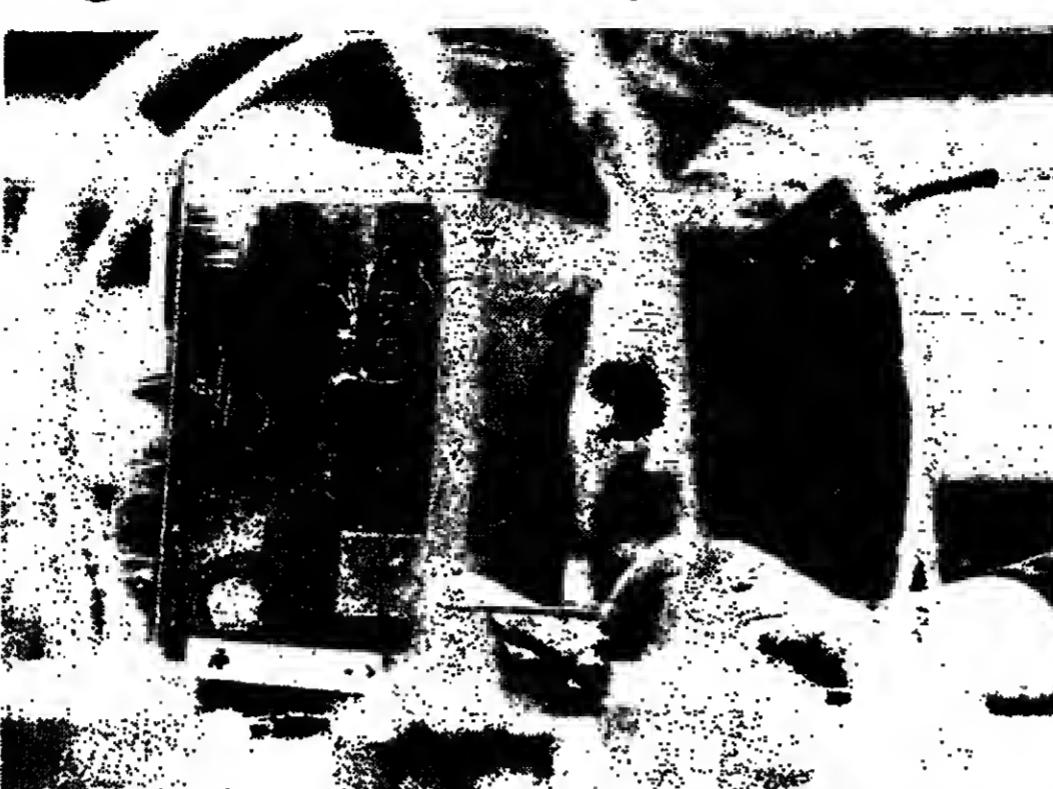
The Netherlands IDA chief Barry O'Connell, says his clients are impressed by the fact that the IDA offers what amounts to one-stop service. "We can guarantee loans," he says, "subsidize interest charges, take an equity stake in your project if we really want it badly enough. We operate advisory services in selecting a site, raising the money, training manpower and slashing the legal red tape. And we don't cut and run once the firm is in business in Ireland. We have a network of regional offices all over the country and our reps are on the scene when they're needed."

The roll of firms makes an impressive list. The British giant, Courtaulds, has put up a \$50-million plant in remote Donegal. America's Black & Decker expects to employ more than 1,000 in its plant in Kildare, which went from an empty site to a functioning production line in just six months.

The Scandinavian Tretorn company makes tennis balls in its \$8-million Irish plant because Irish wages are one-third what it would have to pay workers in Sweden.

From America

Almost half the new firms attracted by the IDA have been American, attracted primarily by the fact that the workers speak English. Burlington Industries already has two factories in the country, employing more than 1,000 workers, and has just an-



An engineer works in one of the hundreds of foreign companies in Ireland.

nounced plans to invest \$90 million in four new plants. U.S. Department of Commerce figures help to explain this enthusiasm for Ireland. The incoming American firms enjoy a 29.5 percent return on investment per year, the highest return achieved in any country.

There have been some problems. Several years ago, the IRA kidnapped the head of a Dutch company, Ferenka, and held him for weeks. For a time, he and his firm were local heroes. Then two Irish unions began to fight in the Ferenka plant. The company decided it didn't want to stay in Ireland any longer and 1,400 jobs were lost.

The Japanese are not far behind. So many Irish foremen have been taken to Japan to see its manufacturing methods that a TV film crew recently did a documentary on them — "The Rice Paddies." This arch-Catholic country was scandalized to see Paddy, Kevin and the other fine lads being massaged by Japanese women during their off-hours and attending heathy Shinto ceremonies.

Among IDA's satisfied Japanese clients is Asahi, which now headquarters its entire European operation in Dublin.

Irish workers are unskilled and

often unschooled. "Some American companies prefer this," admits the manufacturer. "It's like writing on a blank slate. You can train them to do the job just as you want them to do it without having to erase bad old habits."

To solve the lack of skilled workers here, the IDA works with Ireland's Industrial Training Authority (ANCO), in operating 10 permanent training centers and several temporary schools around the countryside.

"We'll also provide grants of up to 100 percent of the cost of agreed training programs for workers in new industries," adds Connolly Cole, who heads the IDA office in Copenhagen. Half of the costs for this training is paid by the EEC Social Fund, the only EEC assistance the IDA gets. All its other funds come from the Irish taxpayer.

The slight cloud on the IDA

horizon is that the tax-free incentive for export profits is due to run out in 1990, now just more than a decade away. That could be amended at the whim of the Dail, the Irish legislature, and most insiders seem to feel that the date would be extended if cutting it off tended to dampen IDA results.

There is now competition from other countries and regions offering similar incentive deals. Wales and Northern England have sales teams out, stalking the same list of prospects being wooed in Ireland.

Also, an Irish ecological lobby has recently emerged, complaining that new plants would destroy natural beauty and wildlife. The drug company, Schering-Plough, recently pulled back from signing a deal with the IDA after local residents protested about danger to the atmosphere.

Triply Clean

Merck, a German pharmaceutical company, successfully met the ecologists' challenge when choosing Ireland for the site of its largest single investment outside the United States — a \$70-million factory in the Suir Valley at Balallyne, Tipperary.

"Naturally, the arrival of a large chemical plant in the depths of the countryside caused a bit of a stir," says a company representative. "But we took the initiative to make sure that the people understood what we planned to do, before opinions hardened on the subject."

The water from the river used in the plant is triply cleaned by filtration, chemically and biologically, before being put back in the stream.

When Merck found that its plant made it the possessor of a half-mile of fishing rights on the river, it promptly gave the rights back to the Clonmel and District Anglers' Club, which had owned them previously, with only one proviso; that its employees could fish, too.

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A Special Report

French Provinces Need Firm Industry Commitments

The relocation of university and government electronics research

units to central Brittany led to the emergence of a flourishing electronics sector—though the industry's dependence on government contracts is also seen as a factor deciding many firms to set up in the area.

NANTES (IHT)—France's regional policy needs a major overhaul if it is to adjust to and survive the strained economic outlook for coming years, according to DATAR's commissioner for industrialisation in the West Atlantic area, Mr. Jacques Voisart.

"There has been no fundamental remodeling of France's industrial geography," Mr. Voisart states. New units were added in the regions, while old ones were kept running in traditional areas—increasingly staffed by migrant workers. But we can no

Investment Decisions

"France's future regional development will be determined by their investment decisions—and how far the Parisian industrial establishment resists the temptation

to abandon balanced regional growth as a priority in favor of, for example, a massive export drive. There is a major risk of companies just extending existing units, rather than creating new ones in areas with environmental and transport drawbacks, like the West Atlantic. And they will prefer developing heavy, high-technology industry in areas with a strong industrial base."

Without firm commitments from industry, Mr. Voisart also fears the anarchic development of sub-contracting activities and major employment problems in some regions.

Showcase

West Atlantic is a case in point. Mr. Voisart's 91,000-square kilometer parish, covering the western tip of France—Brittany—and the Loire estuary, is held as a showcase of successful regional development.

With the aid of a hefty amount of regional development funds, 130,000 industrial jobs were created in the area. Infrastructure and agriculture were modernized, and the population outflow halted.

The relocation of university and government electronics research units to central Brittany led to the emergence of a flourishing electronics sector—though the industry's dependence on government contracts is also seen as a factor that influenced many firms to set up in the area.

Salvaging Firms

"Three out of the four new jobs created in Brittany," Mr. Voisart points out, "were created by local firms, but their expansion was closely linked to the activities of national and multinational firms in the area. And they are predominantly in the consumer goods, sub-contracting and services sectors. Apart from a few industries around Nantes and St. Nazaire the region as a whole has failed to attract a strong enough base of capital goods and intermediary industries. Now many small firms are in difficulty. With my 32-person team I spend at least half my time helping to salvage them—and the jobs they provide."

Commando Tactics

The "commando tactics" of former naval officer Mr. Voisart and his team, which have helped find new financing or partners for over 120 local firms in the last two years, are bitterly criticized by some local businessmen, as "running a first aid station."

But others point out that the Voisart team is merely stepping in where local chambers of commerce have failed to act. Mr. Voisart has recently won agreement for the establishment of a

Industrial Participation Institute that will mobilize local savings, call on company research capabilities and help kickstart and create new local businesses.

These firms have a key role to

play in giving jobs to the 50,000 or more job seekers who will arrive each year on the West Atlantic's labor market for the next 10 years, assuming the French economy continues its modest growth rate. Mr. Voisart states. Their effectiveness, however, will be conditioned by the overall pattern of French industrial investment, as well as by a true decentralization of economic, political and administrative power to the regions.

If French growth stagnates, and regional development becomes a poor relation of the French economic policy. Mr. Voisat foresees a 12-percent unemployment rate in his area by 1980—"an intolerable situation."

—V.W.A.

Roads No Longer Lead to Paris

*(Continued from Page 1)
But major headaches and hard choices lie ahead for French regional policy, not least the restructuring of the steel industry in the Lorraine, which local businessmen claim will generate major difficulties in the sub-contracting and tertiary units...*

Stockholm, Rome and Tokyo, as well as during the fairly frequent flying visits abroad by both Mr. Essig and DATAR's five regional commissioners.

Until recently, the key feature of DATAR's approach was the development of urban counterweights to Paris—Nice, Grenoble, Rennes, Rouen, Clermont-Ferrand—plus the eight "equilibrium poles" of Lyon-St. Etienne, Lille, Aix-Marseille, Toulouse, Bordeaux, Nantes, St. Nazaire, Nancy-Metz and Strasbourg.

But as these poles began to develop "big city" problems and the rural exodus continued, DATAR policy became increasingly concerned with rural areas, and small towns.

Contracts

Since 1974, 59 contracts have been concluded by DATAR with medium-sized towns to revitalize city centers and historic districts and to develop their economic, cultural and tourist potential.

Contracts provide for an array of financial aids from DATAR and other public bodies. Eighty-five contracts du pays have been concluded with small rural zones and another 80 are under negotiation. A series of major programs has also been launched for the particularly backward rural areas with high unemployment rates—the Massif Central, the Alps, the Pyrenees, Corsica, Brittany, Dordogne, and Languedoc-Roussillon. The rural renewal program budget totaled 312 million francs in 1978 (\$60 million) with an additional 80 million francs being allocated to a special program to create non-agricultural jobs in rural areas.

Separate interministerial missions have also been established (with their own budgets) for the Languedoc and Aquitaine coastal areas and the Mediterranean. A

special conservation mission has been charged with acquiring some 10,000 hectares in coastal areas by 1980.

Technology Park

A "technology park" has been launched near Antibes, with several French research units and foreign firms already setting up there. Mr. Essig sees DATAR continuing to make a major effort to decentralize research into the provinces, to act as a magnet for industries.

But major headaches and hard choices lie ahead for French regional policy, not least the restructuring of the steel industry in the Lorraine, which local businessmen claim will generate major difficulties in the sub-contracting and tertiary units, and a major shortfall of jobs for new labor market entrants "which DATAR officials seem quite unable to perceive."

But Mr. Essig sees little hope of any future French regional policy coherent with the present international environment making much of a dent in France's pool of one million unemployed, though he hopes that ongoing negotiations with 64 major French companies on future location plans, and better EEC co-ordination of regional investment incentives will boost France's prospects.

Like persons from the provinces, Mr. Essig sees present regional policy as too centralized. DATAR's efforts to persuade ministries, and companies, to decentralize have had limited success so far.

True regional devolution must result from a major political decision to put muscle into the timid 1972 reforms, he says. Then DATAR can concentrate on major national priorities, leaving most details to regional bodies.

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at the topping-out ceremony for their
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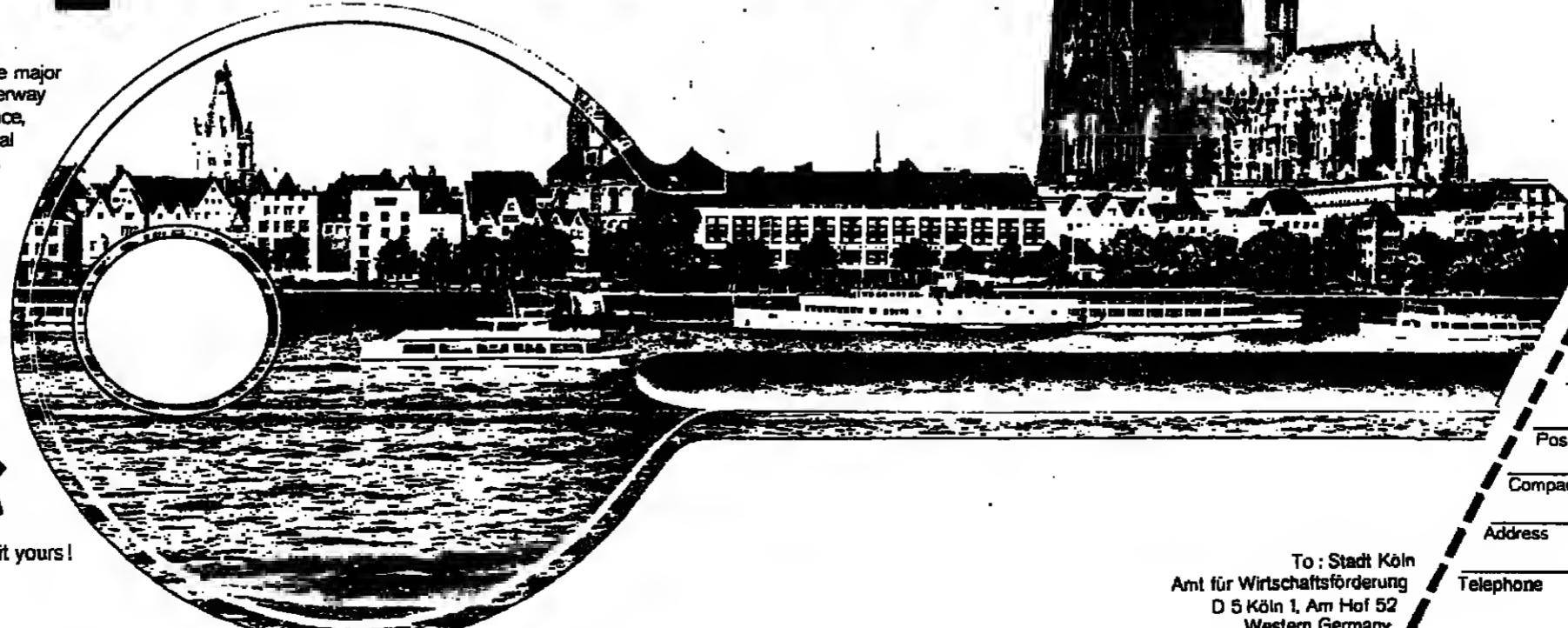
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"Productivity in our Northern Ireland plant is certainly as good as in any of the Company's plants in Houston, Argentina, Brazil, Mexico and Venezuela. In 1975 we increased production by 12%, in 1976 we increased it by a further 30%, and for 1977 further production increases of 25% were planned

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Worker Skills and Attitudes

"From the very beginning and continuing right up to the present time, we have found

and we are on target. Although Europe, the Middle East and Africa, to customers who must have their bits on schedule so it's obviously a great advantage to us that Northern Ireland provides excellent land, sea and air transportation. We ship around 2,000 tons a year, with each shipment averaging 5 to 10 tons, and since 97% of our schedules are met on time our record is among the very best of all the Hughes plants."

Strikes, Absenteeism, Lateness, Worker Stability
"We suffered no internal labor stoppages in 1974, lost ½ day in 1975, nothing in 1976, and 2½ days in 1977. We lose an average of about 13 hours a week through lateness which for 385 employees is tolerable, and absenteeism has averaged 7.8% during the last 2 years.

"A substantial number of our work force have long service with the company here. In fact, 11% have been with us for over 20 years. This record of stability is why we can consistently couple high quality with good production in Northern Ireland."

Transportation and On-Time Delivery

"We export 95% of our Northern Ireland bits to

NORTHERN IRELAND
it will pay you to take a longer look

A Special Report**EEC Joint Fund to Solve Regional Issues**

(Continued from Page 11)
industrial or service sectors that create new jobs or guarantee existing ones. The amount of aid depends on the number of jobs created, but typically covers up to 20 percent of the investment.

To finance infrastructure such as roads, electricity and water supply in mountainous and other difficult farming areas or infrastructure linked to industrial development. This can cover up to 30 percent of the cost of the investment.

The money is given as soon as the government concerned demonstrates that the work is being carried out. It is then paid directly to the investor or, as is more usually the case, straight into the national treasury as a reimbursement for national aid already spent on the project.

Thus, in large part, the fund consists of an exchange of resources from one nation to another. According to Michael Herbert, an Irish member of the European Parliament, only 40 percent of the grants distributed by the fund constitute a true transfer of resources. He said the rest of the allocations are simply recycled among states.

Most people in the EEC would find it hard to say what the ERDF is or what it does for them. Only recently has its name appeared at construction sites where it is making a contribution.

All applications to the fund must be first processed through the national governments. From the beginning, France refused to agree to the proposal that beneficiaries should be allowed to apply directly to Brussels. In any case, the EEC Commission does not have sufficient staff to administer the fund directly or even to control all the spending.

The fund has been increased to \$700 million a year. And under new rules still being worked out, the EEC Commission will have part of the total—probably about \$120 million annually—to spend on development projects outside the national quota system.

The fund is small in comparison to the need. Total ERDF al-

locations during its first three years equaled about half of Luxembourg's GNP. France alone spends 17 times the entire EEC budget on regional development.

EIB Loans

ERDF is one of several aid mechanisms which directly or indirectly channel grants and loans to the regions. All told, more than \$12 billion at current prices had been made available for various social, regional and development purposes up to the end of 1976.

The largest part of this was in the form of loans by the Luxembourg-based European Investment Bank, which provided \$7.2 billion for development projects. Three-quarters of the projects were in the community's less favored regions.

But the bank's actions are independent of the commission, and its loans—usually at commercial rates—are subject to iron-clad guarantees. Last year, the bank loaned nearly \$1.9 billion, of which a third went to Britain, where the biggest beneficiary was the British Steel Corp.

Loans by the European Coal and Steel Communities totaling \$4 billion at current prices contributed to the creation of some 110,000 new jobs for displaced workers in the coal and steel industries.

Between 1973 and 1977, approximately two million persons were given aid by the European Social Fund to train for, and find, new jobs. But six million people are unemployed in the EEC, and nine million more jobs will have to be found between now and 1985 because of the baby boom in the 1960s.

The commission has said it would like to use this discretionary part of the fund to compensate disadvantaged regions for the adverse effects of the economic situation and to repair damage caused by the commission's own policies. For example, the decision to rationalize—which essentially means to modernize equipment and lay off workers—the steel, shipbuilding or textile in-

dustries would be partly offset by ERDF aid.

Needs vary greatly. Rural underdevelopment creates a different set of problems than industrial decline.

To the last two decades, employment in agriculture in the EEC has fallen by half, or more than 10 million workers. Farming in the problem regions is often based on tiny and undercapitalized holdings which are not capable of supporting a family. Energetic youngsters leave to find factory jobs. The old remain. An estimated two-thirds of farmers in the development regions are more than 55 years old.

These regions—mainly in southern Italy, southwestern and western France and western Ireland—find it difficult to attract non-agricultural investment.

A number of things must be done: create employment in order to stabilize the population; provide roads, running water, schools and hospitals; and give financial incentive to older farmers to leave their land in the hands of younger men prepared to apply modern methods.

Mediterranean

The EEC Commission last year submitted detailed proposals for Mediterranean agriculture which would improve the situation of rural communities in Italy and southern France. The emphasis, according to commission President Jenkins, "will be on methods of help which avoid the build-up of wasteful surpluses." This would be unlike the results of the EEC's Common Agricultural Policy for dairy products, with its notorious "butter mountain."

CAP, which maintains prices for agricultural products, keeps many marginal farmers in business and also aids those working in mountainous or other low-productive land. Of the EEC's total budget of \$11.5 billion in 1977, more than three-quarters was spent on CAP, mostly for price support. Only, a small fraction went into boosting living standards in development regions.

As some EEC officials explain

it, there is little scope for selectivity. CAP sustains prices everywhere, making it tantamount to a heavy subsidy for rich farmers in the rich regions. Richer farmers are able to invest more and obtain more matching grants than the poor ones, and thus the richer differences increase instead of diminish.

The second main regional problem is the decline of traditional industries. An example is coal. Production has fallen by half in 20 years and employment by more than a million. Wallonia, Limburg, the Ruhr, the Saar, northern and eastern France and several parts of the United Kingdom are coal regions suffering severe decline.

It is difficult to create jobs and solve the environmental problems left over from the years of prosperity because of economic difficulties and high unemployment elsewhere in the EEC.

Even in the richest and most central parts of the EEC, regional problems exist in cities resulting from congestion and inner decay. Here the aim is to divert economic activity to less congested areas and at the same time to develop declining inner city areas.

The EEC's frontier regions best typify the problems caused by its failure to have a supranational regional policy that could treat the question on a broad rather than on a national basis. Some neighboring regions in different countries suffer from inadequate roads and communications or from income and legal differences between states. The area along West Germany's border with the Eastern Bloc has particularly acute problems all its own.

Regional divergencies within the EEC can only be expected to widen with the entry of the three present candidate countries, Greece, Portugal and Spain.

Some EEC officials point out that the new members will make a coordinated, supranational regional policy more desirable. They say such a policy will be necessary to avoid a fatal wasting away of the depressed regions and excessive concentrations of wealth elsewhere.

selection of well-trained people is undoubtedly a big advantage which is further enhanced by Government training grants.

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